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Abol Hasan Bani-Sadr: 'Oil and Domination'

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ABOL HASAN BANI-SADR: "OIL AND DOMINATION"

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[Text] Dedication of the Book

On the occasion of the era, this book is dedicated to the mothers of the Reza'is; to all mothers who raised and are raising the best of Iran's children in the darkest period of its history; to all spouses of martyrs and witnesses of the great struggle of life; and to all women who have shown and are showing humanity in spite of the 55 years' execution of the plan to destroy the edifice of the independent existence of Iran and who have turned and are turning their heads away from surrender to absurd trivialities.

27 August 1977

Comments

The chapters of this book were written in the years 1969-1975. Some of them have been published and others have not.

The manuscript of the entire book was submitted to us a year and a half ago. Now that it is ready for publication, things which had not taken place at the time of writing have occurred; in the light of these things one can appreciate that the views and dimensions on the appraisal and analysis were correct. Therefore it has not been considered necessary to add figures and data bearing on subsequent years; rather, it has been considered preferable that what has been written should be published without new additions or changes so that it itself may bear witness to the truth of the warnings.

In spite of this, an effort has been made to gather all the information which has appeared in the form of figures in one place, in the statistical appendix of the book. This information concerns the various fields of oil activity and combines the past, present and future. Are these statistics real or not? According to the rules, in many cases no. However, they are used by people who want to use a scientific procedure in scientific activities.

Concerning oil product prices, and the processes which the money obtained from the sale of oil passes through before it ends up in the accounts of the "multinationals," official statements have been published, among them one in the periodical FOREIGN POLICY dated Winter 1976-77 which says, quoting a statement by "high ranking" officials in the American government, "Since 1971 America has encouraged Middle East oil-producing states to raise the price of oil and keep it up.... America's mind was preoccupied with a concern to bring the surplus oil revenues which arose as a consequence of the increase in prices to America.... Increasing OPEC deposits in America's banks entails risks, but America hopes that its banking system will draw this money to the American economy."

In view of the sense of anxiety which has arisen among people in the country concerning Iran's future after its oil resources are depleted, the regime's propaganda organizations are trying, by publishing "new figures" regarding the size of the country's oil resources, to eradicate anxieties for the future. KEYHAN (Airmail edition) of 31 August 1977 wrote "Iran can produce 9 million barrels of oil and gas a day for 30 more years, after which about 60 to 80 million /sic/ barrels of the country's oil reserves will be left for domestic consumption or exports in the form of processed materials and products!" The organizations forget that this anxiety concerns the state of the country. Analysis of the role of oil revenues in the Iranian economy (Part One, Chapter One) shows that even though oil revenues exceed $20 billion, the budget still has a deficit; this is an intractably complicated state of affairs, because the danger concerns not only a drop in oil revenues in the future but basically the unwarranted growth of an import-dependent economy and the excessive growth of the army and the imperial court. The greater the revenues become, the more this monster's gluttony for money increases. Not only is this monster not sated by domestic output--with the draining away of its fertile lands, it is increasing its insane hunger for money.

Introduction

[Text] Iranians knew of oil in ancient times, and they used it in war, in kindling the eternal flame, and also in medicine and various types of economic and building activities. There were wells in Khuzestan near Shush and oil springs in Baku and Darband in the Caucasus, and these were exploited.[1] The industrial products which were observed in various periods of Iranian history, in particular products which were exported[2]; the statemnnt by Herodotus to the effect that Iranians refined oil; the progress in chemical equipment in this part of the world; the cultural traces which have remained[3]; and finally the writings which are available concerning industry and elements of industrial progress[4] leave no room for doubt that oil was used more and more in economic activity as time passed. Had the "era of the revolution in oil" not coincided with the era of Iran's decline, Iran would today be a major economic force in the world.

However, in the "era of the revolution of oil," "black gold" has been the curse of Iran's soul. Seventy-five years ago, when Iran was teetering on the brink of collapse, two needs coincided--one, the ruling group's need for adequate, enduring sources of revenue, without which it would not have been feasible for them to retain class dominance and satisfy their imitative desires, and the other industrial countries' need for mineral and other resources. A series of concessions were given to the dominant countries, that is Russia and England.[5] The country's "prominent men" vied with one another in auctioning Iran off and ran after foreigners to assign them concessions to plunder the country's resources.[6] Among these was the oil concession: in the year 1901, the following brief firman was issued:

"Out of respect for the exceptional, friendly relations which exist between the government of Britain and the anti /sic/ Iranian government, agreement is given for William Knox D'Arcy and his partners, friends, children, grandchildren and legal heirs to engage for a period of 60 years in all forms of activity, be they excavating channels, drilling wells, drilling holes in the ground, filling with soil, and removing soil to any depth which Eng D'Arcy may desire in the territory of the imperial government, and all underground resources, without exception, whatever they may be will belong to D'Arcy or the people referred to above."

With these few lines, the flow of wealth to the West, and the advent of calamity and plague upon Iran, became intensified.

Fifty years before that /sic/ on 23 February 1921, a coup d'etat took place, the Qajar Dynasty came to an end, and Reza Khan became the Shah. On 27 November 1932 he abrogated the D'Arcy concession. Raqizadeh, the finance minister at the time, who abrogated the agreement in accordance with Reza Khan's order, himself considered this abrogation to be the prelude to an extension, since he had become aware that the ground work was being prepared for the act when he was Iran's ambassador to England[7]. In order to grant the extension legitimacy, the matter was referred at England's request to the former League of Nations, which--by agreement of the government of Iran!--intervened in a matter which had nothing to do with it and of course ruled in favor of the stronger party.[8] In this manner the oil agreement was extended for a period of 60 years at the hands of a tool of England's action.

The extension occurred as the economic growth of the industrial economies was accelerating and the importance of oil in these economies was constantly increasing. Thus it was necessary, and became more necessary with each passing day, that the oil revenues in our dominated economy assume the role which the economic growth expectations of the dominant industrial economies required. In this fashion, oil became a factor for sabotaging and destroying the foundations of Iran's independent economy and set Iran along a road where it gave up all forms of power to determine its own destiny and its people could not exist except by allowing their wealth to flow abroad.

When World War Two was close to an end, the allies--America, Britain and Russia--reached an agreement concerning the issue of tutelage over Iran. The ruling groups in the country were delighted: two capitalist governments and one socialist one, reached agreement on administering the country at their hands. Iran had not even emerged from the darkness of Reza Khan's tyranny when it entered the gates of another dark period. The proponents of the policy of positive balance--that is, the various wings of the ruling class--prepared for the foreigners' direct dominance over the country through their complacent silence. However, from among the people arose the cry of Mosaddeq: Iran was upright and would not pass under the yoke of tutelage.

This cry caused such a shock wave in Iran and the world at the time that the process of establishing tutelage over Iran proceeded covertly. The Iranians' unanimous resistance and the course of affairs in the world converged and the gestation of the tripartite agreement stopped.[9]

America manifested its extreme thirst for oil in the words of its interior secretary, Harold Ickes, who said,[10]

"The United States is being transformed from an oil-exporting to an oil-importing state.... The capital of the oil empire by necessity will move to the Middle East--the Persian Gulf and the countries bordering on it, Iraq, Saudi Arabia, Kuwait, Bahrain and perhaps Afghanistan. If we are going to have to base our civilization and expand it, on a foundation of oil, we will have to seek oil everywhere."

Whereas up to that time only two powers had been present and had prevented the appearance of a third one by their agreement, a new force appeared on the scene and demanded its share of the booty.[11] The political groups linked to the ruling classes and these two foreign powers, the Tudeh Party and the Freemason Party, officially recognized the interests of these two powers in Iran. The Tudeh Party officially recognized Britain's interests in the south of the country and demanded the same interests for Russia in the north. The political groups representing the oppressed, exploited classes, under the leadership of Mosaddeq, were proponents of negative balance; they wanted to take advantage of the postwar disturbance in the world, liberate Iran from all relationships of subjugation and free the struggling people of Iran from the evil of the web which the ruling groups had created and in which they had ensnared the people.

On 2 December 1944, Mosaddeq presented a bill outlawing concessions for exploitation of the nation's natural resources to Parliament and was unstintingly condemned by the Tudeh Party. From that time on, the representatives of both powers tried to portray Mosaddeq as the agent of the new power, that is, of America: "Dr Mosaddeq is the top agent of America."[12] Later, as well, Mosaddeq again became the representative of the "national bourgeoisie," according to the Tudeh Party. "This party, which had always been and is the partisan, on Russia's behalf, of the policy of positive balance and in this sense reflects the interests of the ruling class, portrayed as a representative of this class and portrayed negative balance as the policy of this class, on grounds that the slogan of independence was the slogan of the national bourgeoisie and that Mosaddeq was working as the representative of this class in ferocious conflict with imperialism. This party ignored the fact that the "bourgeoisie" cannot be the proponent of a policy of negative balance.

In reality, independence has two contradictory, separate meanings: independence has two contradictory, separate meanings: independence based on positive balance, which is the slogan of the ruling classes of dominated countries, and independence based on negative balance, which is the slogan of dominated classes. Independence, in the former sense, entails the creation of a balance of power with foreign countries which is beneficial to the ruling groups. This balance enables the ruling groups to hold power in order to preserve their status both domestically (that is, vis a-vis the dominated classes) and abroad (through organic relations with the ruling groups of other countries). However, independence based on negative balance entails the elimination of the entire complex of organic relations with foreign powers--relations which are among the permanent causes of dominance by coalitions in power. As a consequence, the slogan of independence based on negative balance has not only not been and is not the slogan of the ruling coalitions--it is the basis of the distinction and difference between the dominated classes and the ruling coalitions.[13] Thus all the groups which were the proponents of the policy of positive balance represented the ruling coalitions, possessed organic, comprehensive relations with the dominant foreign powers and were in violent conflict with Mosaddeq, who represented a segment of the downtrodden and the wretched of the earth, that is, the deprived people of Iran. Unfortunately, however, this time the ruling groups acted as they always have, fraudulently portraying themselves as the sympathizers of the deprived and mobilizing them against their own political interests.

After the war, Iran was the scene of conflict among the powers. This conflict took place among those powers' agents on the one hand and (through the intermediary of the forces supporting an independence based on negative balance) appeared among the people on the other. For oil's place in these conflicts to be understood, we cite the following questions and answers which took place in that era between Khalil Maleki and Bevin, the foreign minister of the British Labor government of the time:[14]

"What do you want from us? Why don't you let the people of this country live in peace? Why are you supporting these corrupt, evil gangs? Why don't you let a national government be formed which is interested in and sympathetic toward the condition of the Iranian nation? Why are you increasing the schism between the governments and the people with each day? Why? Why? Why? What do you want from us?"

Bevin, with total sang-froid, replied, "Oil, oil, oil."

In the course of its deliberations, the 14th Parliament determined that the government should demand Iran's legitimate rights from the oil company. Toward the end of the 15th Parliament, in the atmosphere of tension which the agents of the foreign powers had established, the Gass-Golshayan Supplementary Agreement was presented to parliament. All the preliminaries of the matter had been prepared so that parliament would ratify the agreement. A small minority supported by public opinion rose up, although Mosaddeq was not in parliament because the elections to the 15th session had not been free. Therefore the "retired soldier of the nation" (Dr Mosaddeq used this title above his signature in a letter he wrote to the 15th Parliament) announced to the 15th Parliament in the course of his letter that the Iranian nation was opposed to this agreement and, seeing that the nation had need of a soldier like him, donned the garb of war and set foot in the arena of the oil struggle.

Iran regained its enthusiasm for life, and the people, who had emerged triumphant from the arena of the struggle for life many times, rallied around the old soldier and went forward with him until the ratification of oil nationalization.

In July 1950, a special oil commission was formed by parliament. Mosaddeq was elected to head it and went to work.[15]

In the same year Razmara, chief of staff of the army, became prime minister through a sort of coup d'etat. However, despite all the "esteemed prime minister's" efforts, the oil commission rejected the supplementary agreement on 10 December 1950. In order to keep the supplementary agreement from being rejected in parliament, and also to avoid the presentation and ratification of the nationalization of the oil industry, Razmara's finance minister withdrew the supplementary agreement from parliament on 26 December 1950. On 8 March 1951 Razmara died in the Shah's Mosque and the oil industry nationalization proposal was passed unanimously on 21 March 1951. This proposal had been raised by the National Front, as follows:[16]

"For the sake of the prosperity of the Iranian nation, and in order to assist in guaranteeing world peace, we, the following signatories, recommend that the Iranian oil industry be declared nationalized in all areas of the country, without exception, that is, that all exploration, production and exploitation activities come into the possession of the government."

The expropriation law was ratified by both houses of parliament on 30 April 1951; Mosaddeq, aborting the plot to bring Mr Zia'oddin Tabataba'i to power, accepted the position of premier of the nation on 2 May 1951 and expropriated the former oil company and reclaimed from the British experts a portion of the nation's land which had been in their hands on 19 June 1951.

ENTESHARAT E MOSADDEQ has published the detailed history of this struggle up to the coup d'etat of 19 August, in Mosaddeq's words, and there is no need to repeat it, no matter how concisely.

The governments of America and Britain ceased opposing one another and proceeded toward an agreement. In that era, British Prime Minister Eden consulted with the Iranian ambassador to England, who was a friend of his:[17]

"The Iranian ambassador told Eden that in his opinion Mosaddeq's position was not as powerful and strong as it had been in the past. Information he had received on the weakness of Mosaddeq's position was promising because Mosaddeq essentially had a negative disposition! The ambassador endorsed the British government's attitude of waiting patiently until the Mosaddeq government collapsed. When Eden, backed by the Iranian maxim 'haste is the devil's work,' said that in his view one must not act precipitously, the Iranian ambassador completely endorsed this point of view."

The British consuls, who had been expelled from Iran in the early part of 1952 after the consulates were closed down by Mosaddeq's government, brought Britain the "good news" that "the recent anti British demonstrations were to a large extent continued and if the Mosaddeq government gave way to a government which did not excite the people's xenophobic emotions, public opinion would quickly change."

Finally America achieved its aims. After agreement had been obtained from the British government that America could share in plundering Iran's oil, Dulles and Eden reached agreement to bring Mosaddeq down on 20 February 1953.[18] Eisenhower, the American president, approved the CIA's role in carrying out a coup d'etat in Iran and issued orders for its implementation.[19] CIA officials carried out the plan to "accommodate the Shah in Iran" with the Shah and his partisans (who advised Iran's enemies to wait until conditions developed to their advantage).[20] The evening the coup d'etat was carried out, Eden was on board a ship in Greek waters, spending a period of convalescence; as he wrote, he "slept happy that night!"

In this manner, the coup d'etat was carried out, with the support of the two powers, Britain and America, and the acquiescence of Soviet Russia (this at least can be said) and the Tudeh Party. Eden, in his memoirs, stated that he told the Russians that life in the West without oil was not possible and if any action originated from Russian in opposition to the West, Britain would go to war. As Eden wrote, Russia took this warning seriously and "when disturbances arose, its movements were apparently cautious."[21] What is amazing here is that the Tudeh Party, in justifying its acquiescence, raised an excuse which was worse than the crime, to the effect that the party had referred to Mosaddeq for arms but that Mosaddeq refrained from giving them! The Tudeh Party gave this excuse for failing to act at a time when it itself, a large military organization, had arsenals at its disposal while Mosaddeq, by his own account, had no more than two officers at his disposal.[22] Today, now that matters have emerged from behind the veil, it is clear to people who have not cloaked their realistic vision with a curtain of subjective ideas that if the Tudeh Party's officer organization had gone into action against the coup d'etat, the coup d'etat would have been aborted. However, aside from the fact that Eden's threat did its job, Soviet Russia did not consider an independent, progressive government south of the Asian republics beneficial to its interests.

The Consortium Agreement was finally ratified despite the opinions of advisors to the coup government[23] on 28 October 1954; not one letter in it was changed.[24] Concerning this agreement, Mr Peach, who signed it on behalf of the Consortium, stated "The basic owner of these installations will not have the right to use them as long as these installations can be used."[25] Wish that they had contented themselves with that!

In reality it is especially in the two decades 1950 through 1970 that the oil companies brought the industrial countries into a comprehensive relationship with the oil industry on the one hand and with the oil-rich countries on the other. As a result of this relationship the wealth of the oil-rich countries was exported at a rate and volume many times greater than the rate and volume of growth of the industrial economies.

In both horizontal and vertical terms, the oil companies tightened their monopolistic control over the oil industry. Not only did all oil-rich areas fall under the management of these companies, from the production of oil to the supply of oil on the market in the form of various products (horizontal monopoly), the industry fell into the hands of these "multinational" and "transcontinental" companies (vertical monopoly).

During this history, that is, after one century of oil exploitation and struggle over the control of oil resources (1859 to 1950/60), the "seven sisters" reached their maturity and engaged in competition to plunder others' sources of wealth in a united manner. These seven multinational companies made the oil resources of the Middle East in the decade 1950-60 the monopoly of the industrial countries (horizontal monopoly) in the following manner:[26]

Name	Percent of Company
1. National Iranian Oil Company	Britain, 45 percent; America 40 percent; France 6 percent.
2. Iraq Petroleum Company	Britain, 47.5 percent; America, 23.5 percent; France, 23.75 percent; Gulbenkian, 5 percent.

3. Khanaqin Oil Company	Britain, 100 percent.
4. Arabian-American Oil Company (Aramco)	America, 100 percent.
5. Qatar Oil Company	Britain, 47.5 percent; America, 23.5 percent; France, 23.5 percent; Gulbenkian, 5 percent.
6. Abu Dhabi Marine Areas	Britain, 66.67 percent; France, 33.33 percent.
7. Dubai offshore	Britain, 66.67 percent, France, 33.33 percent.
8. Oil of Oman, the Continental Shelf and other emirates	Britain, 47.5 percent; America, 23.5 percent; France 23.5 percent; Gulbenkian, 5 percent.
9. Dhofar	America, 100 percent.
10. Yemen	America, 100 percent.
11. Kuwait Oil Company	Britain, 50 percent; America 50 percent.
12. Oil areas granted to American Companies (Kuwait)	America, 100 percent.
13. Arabian Oil Company--Japan	Saudi Arabia, 64 percent; Japan, 46 percent /sic/.
14. Bahrain Oil Company	America, 100 percent.
15. Iran-Italian Oil Company	Iran, 50 percent; Italy 50 percent.
16. Iran Pan American Oil Company	Iran, 50 percent; America, 50 percent.

If we wish to summarize and simplify the above table, and show the dominant nations' subjugation of oil production in all areas, there is the following table:[27]

Table Two: Production Shares of the Dominant Nations (percent)

Oil States	America, Britain & The Netherlands	France	Japan	Other Countries
Arab World 59.9 percent	3.8+19.2= 23 percent	10.3 percent	2.6 percent	4.2 percent
Non-Arab World 55.9 percent	5.5+26= 31.5 percent	7.4 percent	3.7 percent	1.5 percent
North Africa 68.9 percent	3.9+ 0= 3.9 percent	16.7 percent	nil	10.5 percent

Both tables bear witness to the fact that America's dominance of the world's oil resources has gradually become more crippling with the shift of the center of world power to America. A country which had no share of the oil of the Middle East, North Africa and the Far East has gradually placed 60 percent of the oil in these regions under its own control.

However, this control is not restricted to a horizontal monopoly over oil and gas resources. As is explained in this book, all energy sources have gradually come under the dominance of these multinationals.

Parallel with the spread of horizontal monopoly, vertical monopoly has also increased, with the difference that as the companies gradually deplete oil wells, they place the onus of capital investment in products on the oil-rich countries and transfer their capital to other fields. The following comparative table reflects a pallid picture of diversity of behavior among the oil companies:[28]

Table Three: Changes in the Major Oil Companies' Share of Production, Refining and Oil Products Distribution, 1966 and 1973 (Millions of Tons Per Year)

Name	Crude Oil		Oil Refining		Sales	
	1966	1973	1966	1973	1966	1973
1. Standard Oil of New Jersey	228.9	240	208.1	290	219.4	310
2. B P /British Petroleum/	127	239	79.7	117	72.8	109
3. Royal Dutch-Shell	192	232	183	278	193	290
4. Texaco	112.5	227	99.3	153	104.9	174
5. Standard Oil of California	80.9	160	64.5	113	66.5	114
6. Gulf	111.6	129	66.1	99	62.9	89
7. Mobile /sic/	76.3	126	79	118	78.9	125
8. CFP [Compagnie Francaise des Petroles]	40.3	65	26	54	26.8	58
Total of the 8 companies above with 7 other big companies	1096.2	1631	940.4	1468	989.1	1527
World Total, less Communist Countries	1341	2337	1370	2490	1323	2520

The following table, showing the major oil companies' shares in the production, refining and distribution of oil and oil products, clearly shows that these companies invest negligible amounts of their own funds and that the capital invested by these companies in the oil industry comes from other sources, that is, the oil countries.[29]

Table Four: Major Oil Company Dominance of Oil Production and Refining and Oil Products Distribution and Dominance of Capital Investment, 1973

	Five American Companies	Six European Companies
Crude Oil Production [sic]	735	469
Refining (Million Tons)	666	474
Distribution (Million Tons)	711	470
Total Cost (Dollars per Ton)	36.27	33.32
Taxes on Profits (Dollars per Ton)	3.71	5.34
Capital Investment (Dollars per Million Tons)	6,047	4,649
Transfer, FOB	70	72

Thus of the 6,047 dollars the American companies invested in 1973 to produce 1 million tons of oil, they provided only 70 dollars from their own funds. European companies invested 4,649 dollars to produce 1 million tons of oil but invested only 70 dollars of their own funds in that. This is the meaning of the statement that power over the capital belonging to the toiling peoples of the enslaved nations has fallen into the hands of the multinationals.

This type of change in relations among the oil companies on the one hand and between America and the other industrial countries on the other called for an organization which could play the role of a front. OPEC came into being on 14 September 1960 with the participation of the nations of Iran, Iraq, Kuwait, Saudi Arabia and Venezuela; the nations of Libya, Algeria, Nigeria, the Persian Gulf Emirates, Indonesia, Ecuador and Gabon gradually also joined it. An examination of the performance of OPEC, from the time it was established up to 1970, when the change in relations between America and Europe made it possible for OPEC to play a role, shows that OPEC could not even prevent decreases in the price of oil. Only from that time on, between 1970 and 1974, did it proceed to increase prices, but it has not yet transcended the limits of the economic goals of America, especially because the representatives of satellite regimes were in the majority in the organization.

Thus the oil which comes out of the wells flows toward the industrial economy and becomes the growth stimulant of that economy. However, oil revenues are spent inside and outside oil countries in such a way as to fragment the economy and society of these countries, destroying their economy from the ground up and establishing a parasitic system which absorbs oil, other resources and the fruits of the labor of the people of the nations more and more,in broader dimensions, as time passes and exports them to the industrial economy. The inequality between the owner of the resource and the people who actually benefit from the resource constantly increases and what remains is anger, in the flames of whose fire burn the children and capabilities of the oil-rich countries.

In order to get an idea of this increasing inequality, one might consider the following percentages: if per capita income in European Economic Community countries is assumed to be 100 units, the per capita income of the Mediterranean countries will be 15.2 and 12.1 units, respectively, in the years 1985 and 2000.[30]

This book, which is the first work in these fields, has been written in two parts:

In the first part, the accommodating relationships which have been established between our country and the industrial countries through oil are studied. In the second section, oil prices and their role and the transfer movement of oil revenues are analyzed, in two chapters.

The first chapter of the first part is concerned with a study of the role of oil in the Iranian economy, to make it clear why Iran's budget (which, at the time the oil industry was nationalized, totalled 10 billion rials) increased to 3,105,000,000,000 rials in 1976; why Iran's imports, which came to a total of 5 billion rials in 1952, and were less than exports, increased to 1.12 trillion rials in 1976, that is, more than 22 times exports[31]; why oil's share of net national product, which was 17 percent at the end of the Third Plan, will account for half of this product by the end of the Fifth Plan; and so on and so forth.

It has been said:[32] "If the oil-rich countries realize an industrial expansion based on plastics, they will develop and outstrip the industrial countries in a very short time, at a cost twenty times less than that required for industrialization based on iron."

To this one might add that "When we become aware of this fact--a fact which is being kept hidden from the people of the oil countries--we will understand why the nations of Britain and America have forced Iran into this position."

Not only has economic growth not taken place on this basis--indeed, it has been established on a basis which is constantly lessening the relationship between the oil industry and the Iranian economy and placing the volume and allocation of capital investments at the full disposal of the multinational corporations and their motherland, the United States, as imports constantly become more predominant.

It is in this fashion that oil revenues have become a factor for destroying the economy of Iran on behalf of the dominant economy. Economic planning in Iran reflects the need to concentrate, accumulate and generate capital on an international scale. The regime ruling the country, which is the executive agent of this program, has distilled the factors for its survival and existence into the export of the nation's wealth and the importation of industrial products, eliminating its economic independence. To realize the extent to which the coefficient of Iran's dependence has increased, one may compare the budget of Mosaddeq's government with the 1976-7 budget:

The budget of Mosaddeq's government was 1 billion tomans; the budget for the coming year will be 311 billion tomans,[33] that is, 311 times greater than the former. Mosaddeq's budget, which had a deficit was drawn from domestic production, while the Shah's budget, which has a deficit, is drawn from oil. In Mosaddeq's time, Iran went for 28 months and 16 days without oil revenues. If we assume that the 19 August 1953 coup d'etat represented a kind of inability to continue living without oil revenues (and of course if that were the case a coup d'etat would not have been necessary), still, the Mosaddeq government managed to go 820 days without oil revenues. Today, however, roughly the equivalent of 1 year of Mosaddeq's budget is being spent every day. In the words of the chairman of the Central Bank, oil revenues account for 80 percent of this budget.[34] The rest is principally in taxes on salaries and customs duties and levies. At the same time, the budget has a deficit of about 9 percent (this subject is explained in Chapter One). In brief, out of a day's expenditures of 1 billion tomans, the government cannot even obtain 10 percent from domestic production. Therefore, it cannot go without even 1 day's oil revenues. This means that over the past 22 and a half years, the degree of the country's dependence on the foreign world has increased at least 820 times over, and this is because of the manner in which the oil revenues are spent:

Black gold, the curse of Iran!

Chapter Two of Part One discusses the fact that oil revenues perform the abovementioned destructive role in Iran's economy so that they can play the role of a factor for economic growth in the dominant economies. People have found fault with Mosaddeq for knowing nothing about international trade and for thinking that the "advanced countries" would vie with one another to purchase Iran's nationalized oil.[35] Knowing the role of oil in the era of oil or the period of the greatest "energy revolution" in history at least has the advantage of correcting the vision of people who must be informed and must take the trouble to become informed, and ensuring that it has not come to pass that officials and people besides those now in charge of Iran's affairs some day boast that they deceived the West by signing the Consortium agreement because in a few more years the atom would take the place of oil and Iran's oil would remain in the hands of the foreigners, who will once again compare oil to chickens and lettuce[36] (undoubtedly in allusion to the fact that it will rot if it stays in the ground!).

Oil, in the service of capitalism, has become a factor in consolidating that system; it has enabled capital, by shifting from one field to another, to spread through the world and make the world the domain of its acts of plunder. Today the multinational companies have placed production, consumption, capital and manpower throughout the world under their control in such a way that the capital belonging to others is in practice working through them and to their benefit. In reality, the growth of capitalism is contingent on guaranteeing the following basic objectives, which are among the objectives of the multinational companies:

1. Adjusting the structure of various countries' spending in a manner consonant with market expansion needs.

2. Substituting its growth expectations for the independent growth expectations of other countries, by substituting imports for domestic output and turning these imports into the basic axis of economic activity.

3. Completely divesting oil countries of power over their management, the volume of production, the type of production, and sources of wealth.

4. Spreading production throughout the world in such a way as to maximize the use of each country's resources, manpower and capital to the benefit of the multinationals and bring the influence of political change in transforming production and consumption down toward zero.

5. Eliminating the foundations of independent economies and destroying the possibility of restoring economic independence in two ways, one, by intensifying the contradiction between the people and the economy, which is moving more and more toward alienation each day, and two, by destroying the basis and order of man and nature.

6. Preserving and perfecting the monopoly power of capital, technology and the market and consequently directing economic activities everywhere (at present and in the future).

7. Increasing the coefficient of dependence of the world's nations on the motherland and on these multinationals themselves.

Understanding these matters is one of the requirements for obtaining a scientific awareness of oil's role in economic growth. At this point, when it is said that Chapter Two of this study is the first published study on the role of oil in any language, that is meant not as self-praise but to direct the readers' attention to the fact emphasizing the statement which has been made that the people who use oil constantly insist on keeping public opinion, especially public opinion in the oil countries, from being informed about the importance of oil's role.

Information on the nature and quantities of oil prices, on influential factors in determining oil prices, and on the areas in which oil revenues function will also aid in understanding the subjects in Part One and will be of assistance in comprehending the actions and reactions which occur in these matters. This is the subject of study of Chapter One, Part Two of this investigation. In order for the importance of studying price to be understood in this fashion, and for its effect on the manner in which oil functions to be observed, one must pay attention to this point: people say that a greater share of the oil price is reverting to the oil countries as a result of the increases in price. Otherwise stated, out of the sales price of a barrel of oil in the oil countries' markets, that is, $21, $7.85 (or 37 percent of the sales price in winter 1974-75) goes to the oil countries today.[37] However, between the time the prices rose and the end of winter 1976, the oil states' buying power declined by more than 40 percent.[38] Now, if we want to draw a comparison between oil itself and imported products, in light of the 35 [sic] percent decline in buying power, this decline in buying power means that if these countries wish to acquire a buying power which is equal to that of the early part of 1973, they must produce more. If we want to make the real income derived from a barrel of oil the criterion--that is, if we deduct 40 percent of the share of the price which goes to the oil countries, and compare it with the sales price ($21 a barrel)--it will be noted that the oil producing countries' share is about 22 percent.

(One might state that the decrease in buying power concerns the entire price of the barrel and not just the share which reverts to the oil-rich countries. However, the real situation is that part of the sales price which goes back to the industrial countries is immediately converted into capital, and substantial revenues are obtained through this very form of inflation. In other words, if the oil countries' share, which plays only the role of buying power, loses 13 percent of its power a year, the industrial countries' share increases by the same amount, and more. Therefore, comparisons made without attention to this basic point have no merit; but, if this element is taken into consideration, one notes that the price increases have not changed the relative status of the oil and industrial states' shares.)

Thus, if we suppose that a maximum of 20 percent of the sales price of the oil goes back to the oil countries and 80 percent to the industrial countries, one can calculate the effect of this distribution over the life of the oilfields. If the oil were put to use in the economies of the oil countries themselves, and all portions of the sales price of the oil went back to these countries, the countries under discussion would be able to receive the same revenues they are receiving today by producing one-fifth of what they are currently producing. In other words, the life of their wells would increase at least five times over. As a consequence it is necessary to study the role of the transfer movement of oil revenues through the flow of the country's wealth to the industrial centers. This study is the subject of Part Two, Chapter Two.

If we compare oil revenues with all the economic effects which oil imposes on industrial economies, we will understand the real nature of the situation as it is, in the sense that if oil had been absorbed into the economies of the oil countries and if the industries of those countries had arisen on a foundation of plastic, revenues greater than the current ones would have accrued to these countries, and in addition hundreds of minds and thousands of hands would have been put to work (and the yield of the labor of those hands and minds would have exceeded the bounds of calculation). In this case, if we assume that the oil reserves of Iran's wells are from 7.5 to 9 billion tons, the life of these wells (which has now been estimated at between 20 and 25 years) would increase to 375 to 500 years. One could by using greater accuracy in the calculation make it clear that in the event the oil was absorbed by an independent economy, the life of Iran's oil wells would in reality increase to 700 to 1,000 years.

When the money from oil is spent in specific areas--meaning that it creates buying power in the oil rich countries and creates producing power in the industrial countries--it strips the oil countries of the power to determine the volume of production. The more the structure of expenditures creates purchasing power, the more the country's need to produce oil increases. It is for this reason that the Iranian government, which considers itself to be the hero of the oil price increase, is giving the Consortium a discount so that it will produce and export more Iranian oil.[39] In recent years, the nations of Iran, Saudi Arabia and the emirates have been proponents of increased oil production, and the nations of Libya and Algeria have been proponents of reduced production.

Therefore the structure of expenditures within the country and the international flow of oil revenues are closely related to increases and decreases in oil production requirements, and prices play a determining role in setting the volume and distribution of production and so forth.

An observation of the structure of expenditures in the Fifth Plan will show the importance of the role of the structure of costs in increasing the need for revenues most clearly. In fact, the $122.8 billion which it had been presumed Iran would obtain in revenues from the oil sector in the Fifth Plan will be spent in the following manner:[40]

Table Five: Structure of Expenditures in the Fifth Plan (Billions of Dollars)

Type of Expenditure	Volume of Expenditure	Percentage of the Total
1. Current Expenditures	50.2	41
Military Current Expenditures	29.1	24
2. Fixed Capital Investments	42.2	34.8
3. Repayment of Loans and Other Payments	19.4	15.8
4. Capital Investment Abroad	11	8.9
Total	122.8	[sic]

As this table shows, $30.4 billion (24.7 percent) will go directly back to the dominant economies, in the form of repayment of loans, capital investment abroad and other payments, and $50.2 billion will be disbursed on current expenditures. These two account for 75.7 percent of expenditures. However, $16.5 billion of the fixed capital investments will be spent on oil, petrochemicals, military industries, roads and airports--in a word, on oil products exports and road and port facilities for the importation of goods into the country. These expenditures create buying power but do not increase production. The immediate buying power which they create must be satisfied immediately, and it is here that the structure of expenditures in Iran is made to conform to production plans in the dominant economies: that is, imports absorb this buying power.

Expenditures, 80 percent of whose total take the form of non-productive expenditures, themselves provide the cause for the return of oil revenues to the dominant economies. (One should draw the reader's attention to the important point that capital investment in oil and petrochemicals is from the economic standpoint to be considered unproductive capital investment to the extent that its products are exported.) In reality, the buying power which the government is creating with this structure of expenditures raises the rate of inflation to a degree that surpasses the imagination. Japan's current expenditures, all in all, are 8.5 percent of its gross national product. In 1974 this country had an inflation rate of 22 percent.[41] Now one must ask what the volume of inflation would be in Iran, with this structure of expenditures, in the event there were no imports. This is where the process of the increase in the factor of dependency arises--that is, great buying power must be absorbed immediately. It is in this manner that imports, by absorbing this buying power, close the gates to long-range capital investment and constantly make the country more dependent on imports. In reality the transfer movement of oil revenues is fundamentally carried out through the importation of goods.

In Chapter Two of Part Two, this matter has been subjected to discussion in detail.

In view of the fact that a brief history, so to speak, of the past, present and future of the oil industry is essential, statistics have been provided on all the data available concerning energy sources, volume of production, refining, and so on. This is presented in the form of an appendix to the book.

Introduction: Notes and Sources

1. Rene Sedillot, "Histoire du Petrole," Paris, 1974, Introduction, pp 5-32. Also Herodotus and the Darbandnameh, quoted by Mostafa Fateh, "Fifty Years of Iranian Oil," pp 6-11.

2. Asphalt and wax have almost always been among Iran's exports, as well as lamps in which oil products were used and compounds in which use was made of oil products. For example, with regard to the Pre-Islamic era, see R. Ghirshman, "Iran from the Earliest Times to Islam," pp 206, 338, translated by Dr Mohammad Mo'in, Bongah-e Tarjomeh va Nashr-e Ketab, Tehran, 1970. Regarding the Safavid era, in which the beginning of the decline of Iran occurred, Bastani Parizi, "Politics and Economics of the Safavid Era," Tehran, 1969, pp 116, 126-30.

3. Herodotus, quoted by Kazem Afshin, "Oil and the People of Khuzestan," 1954, pp 20-26, says that the Iranians were the first people to refine oil. He also described the primitive method of refining. Also, "Fifty Years of Iranian Oil," pp 8, 11. Emam Ja'far-e Sadeq (on whom be peace) is the founder of modern chemistry; this was expanded and developed by Jaber Hayyan and Zakaria Razi. See, inter alia, Persian translation of "History of Islamic Civilization," Jurji Zaydan, translated by Ali Javaher-Kalam, Volume Three, pp 278-281.

4. Much mention is made in history books of works bearing on industry and economic activity. Listing the names of all of them here would serve no useful purpose, but it should be stated that 13 of the 20 chapters of the book "A Description of Industries," including "On the Use of Fire and the Sciences of Lamps," are directly related to chemistry. See the article by Mohsen Saba, "Mirfendereski's Industrial Thesis," in the magazine "Tahqiqat-e Eqtesadi, Nos 21 and 22, spring and summer 1970, pp 201-209.

5. For information on these agreements, see Mahmud Mahmud, "History of Diplomatic Relations between Iran and Britain in the 19th Century," 8 volumes, and Ebrahim Teymuri, "The Era of Ignorance, or the History of the Concessions."

6. E'temad os-Saltaneh (Sani' od-Dowleh), Mirza Mohammad Hasankhan, "The Book of Sleep (Embezzlement)," Mashhad, Bongah-e Bazargani-e Zavvar, 1945, and "The Book of Sleep (Embezzlement), 'the Memoirs of E'temad os-Saltaneh," edited by Iraj Afshar, Tehran, Mo'assaseye Chap va Entesharat-e Amir Kabir, 1966.

7. Taqizadeh, minister of finance during the tyrannical era of Reza Khan, described himself in the 15th session of parliament as follows: "I was never content with the extension of the period, nor were others, and if there was a shortcoming or error in this matter, it was not the shortcoming of the instrument of the act but rather of the one committing the act." See the document quoted on p 125, ENTESHARAT-E MOSADDEQ, Volume 4.

8. Abolfazl Lesani, "Black Gold or the Curse of Iran," p 50. Dr Hoseyn Fakher, in his work "The Process of Abrogating the D'Arcy Oil Concession," engages in a description of this episode.

9. Key Ostovan has written the history of this great struggle of Mosaddeq's in two volumes under the title "The Policy of Negative Balance in the 14th Session of Parliament." For the text of the tripartite agreement, see ENTESHARAT-E MOSADDEQ, Volume 2 ("Speeches of Dr Mosaddeq in the 16th Session of the National Consultative Congress"), pp 78-79.

10. For this subject, and competition over Iranian oil among the great powers, see Dr S. Amiralai, "Petrole et l'Independance de l'Iran," 1961, pp 6-41.

11. It is said that the reason for the suicide of Davar, minister of finance in the Pahlavi era, was the grant of a Caspian oil concession to America. This concession was never consummated. See "Cold War over Oil," Pierre Fontaine, translated by Shamsoddin Amiralai, p 232. On pp 205-252, this book talks about the history of the struggle among the powers over Iranian oil.

12. Dr Radmanesh uttered the sentence in the text at the 19th Congress of the Russian Communist Party. See Iran-e Azad, Number 27. Also compare this section of the letter which the Ambassador of the Union of Soviet Socialist Republics wrote to the prime minister of Iran at that time, on 10 November 1947, with Ehsan Tabari's quotation. Part of the Russian Ambassador's letter is:

"The Soviet government cannot fail to mention that the parliament's decision to terminate the validity of the agreement to form a mixed Iranian-Soviet oil company in the north of Iran is blatant discrimination against the Soviet Union as long as the Anglo-Iranian Oil concession remains in southern Iran." (This letter was published in "Fifty Years of Iranian Oil," p. 382, and this section of the letter is on p 490.)

Ehsan Tabari's expression of opinion is:

"Just as we acknowledge that Britain has interests in Iran and do not speak against them, so must we acknowledge that the Soviet Union has serious interests in Iran. One must take note of the fact that the northern areas of Iran are within the security zone of the Soviet Union and the opinion of the group of which I am a part is that the government should immediately enter into negotiations to give the northern oil concession to the Russians and southern oil to the American and British companies." MARDOM, Number 12, November 1944, a publication of the Society of Iranian Socialists in Europe, Fall, 1971, p 2, citing the manner in which Iranian oil was plundered. However, this statement, which many works have cited, is still expressive of that party's policy. The speech by Iraj Eskandari, leader of the party, to the Soviet Communist Party Congress, says the same thing elsewhere. (This speech was published in the newspaper KEYHAN, Sunday 9 March 1975.)

13. Lenin's statement in this regard is explicit:

"The proletariat, in a negative form, that is, without ensuring a concession for another nation or assuming a commitment vis-a-vis another nation, is satisfied with this demand, that is, the demand that the right to freely determine destiny be recognized. (They say) Isn't this practicable? (We reply) Maybe so, but the fact is that this policy is the best guarantee of the most democratic solutions. What the proletariat requires is this guarantee alone, whereas the bourgeoisie in all nations is inclined to guarantee its own privileges. It pays no heed (to the probable consequences of guaranteeing these privileges) and the condition of other nations." See Volume One, Selected Works of Lenin, in French, under the title "V. Lenine: Oeuvres Choisies," Moscow, pp 710-711.

It was in Lenin's own time that his government carried out the opposite policy in regard to Iran. His collected works were translated into Persian and by chance published in 1951, during the period of the national government and the nationalization of the oil industry. In this translation, every passage related to the rights of nations freely to determine national destiny and consciousness and to the negative balance was altered, indeed tampered with; the process reached the point where independence was considered, and still is considered, a demand of the bourgeoisie and negative balance was considered bourgeois policy one day and a slogan of the petty bourgeoisie the next.

14. "Black Gold or the Curse of Iran," p 9.

15. Working report of the first session of the Special Oil Commission, and part of the National Front's struggle for nationalization of the oil industry in the 16th session of parliament, were published by Hoseyn Makki under the title "The Black Book" in March 1951.

16. According to Dr Mosaddeq's writings, the recommendation to nationalize the industry was first raised by Dr Hoseyn Fatemi, the martyr of the Iranian national uprising, at a National Front meeting held in Nariman's home. Mosaddeq writes, "Since the nationalization of the oil industry in Iran is a great service, one must be grateful to the first person who made this recommendation, and that is the martyr along the national road, Dr Seyyed Hoseyn Fatemi."

17. Eden devotes pp 200-222 of his memoirs to the history of the oil conflict from his point of view. The material within quotation marks has been quoted from pages 203-204 of his memoirs. ("The Memoirs of Sir Anthony Eden--Full Circle.")

18. Eden's Memoirs, p 213.

19. One may read the history of this period from America's viewpoint in Eisenhower's memoirs (French translation), Volume One, 1952-56. (Dwight Eisenhower, "Mes Annees a la Maison Blanche," Paris, 1963, Chapter Six, pp 171-205.)

20. See pp 28-29 of "The Cult of Intelligence," a book by Victor Marchetti and John D. Marks, and ENTESHARAT-É MOSADDEQ No 4, foreword, translation of a part of the book "America's Empire" by Claude Julien.

21. Eden's Memoirs, p. 358.

22. See this letter by Mosaddeq, reproduced in Khabarnameh, No 23.

23. Fo'ad Ruhani, who himself was involved in the ratification of this agreement, devoted Chapter 29 of his book "The History of the Nationalization of the Oil Industry" to the measures Zahedi's government took to prepare the groundwork for the "resumption of negotiations."

24. In Volume One, pp 472-476, second printing, of the book "Tax Laws and General Accounting," Dr Shamsoddin Jazayeri, who was a lawyer at that time, states that the Consortium was not even prepared to accept the freedom to set the price of hard currency, which had been provided in previous agreements--a right which even Venezuela enjoyed. The agreement was to be ratified without change.

25. See "Full Text of Mr Mohammad Darakhshesh's Speech against the Amini-Peach Agreement to the National Consultative Council," p 44.

26. Andre Ouschi, "Luttes Petrollieres au Proche-Orient," Paris, /L'Economie des Hydro-carbures/, second quarter, 1970, pp 103-4.

27. Page 33, Economie Et/word missing/" No 199, February 1971.

28. P 15, L'Economie des Hydrocarbures, Paris, fourth quarter 1975.

29. P 25, L'Economie des Hydrocarbures, Paris, fourth quarter 1975. See also the book "Le Petrole, Situation Actuelle et Perspectives d'Avenir Un Rapport du Comite du Petrole de l'OCDE," Paris, 1973, which gives a breakdown by country, in particular Tables One through 16, pp 289-312.

30. This calculation was made before the price increases. However, in view of the fact that oil revenues (as has been stated) are a factor of consumption and not a factor of production, first, comparing revenues without attention to this basic point is devoid of the meaning, and second, no change occurs in the trend toward increasing inequality.

The percentages have been calculated on the basis of the figures contained on P 172 of the xeroxed text of "Interrogation sur le Future."

31. Fo'ad Ruhani, in Chapter 27 of his book, alleged that these percentages are not correct and that even in Mosaddeq's period imports were always greater than exports. He writes that the comparison was made between the price of imports at the official hard currency rate and the price of exports at the "domestic wholesale rate" and that if we consolidate the two rates imports will be greater than exports (pp 387, 410). In this regard, one must state the following if his calculation is in accordance with the balance sheets of the Central Bank: First, Iran's balance of trade with the countries with which it had reciprocal trade (Germany, France, Italy, Hungary, Czechoslovakia and Poland) was roughly in balance, and most imports were from these countries. Secondly, the National Bank balance sheet for 1952-53, which he has taken as a source, states as follows on pp 5-6: "In 1952-3, 463,000 tons of goods valued at 5,758,000,000 rials were exported from the country; the volume of imports for the year 1952-53 according to customs statistics came to 232,000 tons valued at 5,032,000,000 rials; since export and import goods were not valued on a single basis, and the method of evaluating imports has also changed in recent years, a comparison between imports and exports and a comparison between imports in 1951-2 and 1952-3 is not possible." In the balance of payments cited in this balance sheet, the foreign currency purchased from the exports column was calculated at the same rate as that sold for exports. It is apparent that Fo'ad Ruhani has multiplied all imports by the "price of hard currency through the certificate calculation" in order to prove that foreign trade did not improve during Mosaddeq's period as people say but rather showed a deficit. In that writer's work, three errors of calculation seem to be evident: Reciprocal trade accounted for 60 percent of imports and since goods were exported in exchange for imported goods in transactions of this type, calculating the difference in the prices of imports and exports lacks justification. Second, in that volume of foreign trade which was conducted in foreign currency, the balance of trade altogether had a surplus of $14.6 million. Third, the document he adopts is the balance sheet of the Central Bank, and this balance sheet does not consider it possible to compare imports and exports. If the issue were summarized in the difference of computation of import prices and the value of exports, there would have been no reason for the bank's accountants to evade it.

32. J-M Chevalier, "Le Nouveau Enjeu Petrolier," Paris, November 1973, pp 140-41.

33. Costs estimated in the bill for the 1976-77 budget, published in TEHRAN ECONOMIST, 8 February 1976, were 3,105,248,488,000 rials.

34. KEYHAN (airmail edition) dated 5 March 1976 published the speech by the chairman of the Central Bank. He dealt with the budget's dependence on oil in various periods. Although the figures he presented do not reflect the real situation as it is, it is not without benefit to read them here, before beginning to read Chapter One: "The share of oil, which at the start of the Third Plan (1962) was about 37 percent of the budget, reached 39 percent at the end of that plan (1967) and came to 43 percent at the end of the Fourth Plan (1972); in 1974 it totalled about 80 percent." Thus we see that the cause of "the growth of the Iranian economy" is increased exports of oil resources and constantly increasing dependence on these exports.

35. Mostafa Fateh, in "Fifty Years of Iranian Oil," attributed ignorance to Mosaddeq and his aides, and Fo'ad Ruhani in "The History of the Nationalization of the Oil Industry" (Chapter 28) has explained that the Mosaddeq government's efforts to sell oil remained inconclusive because of his methods. If these people were aware of the role of oil in industrial economies, and if they could see today and the coming years--if the people of our country were as aware of the real situation as they should be, if the country's political parties and prominent men were aware of the real state of affairs, and so on and so forth, wouldn't the slogan "Mosaddeq is victorious" have been achieved?

36. The first statement was made by Zahed and the following statements by the Shah and Hoveyda.

37. Figures are quoted from p 204 of the following book published by the government of Algeria (published in Algiers, March 1975), "Memoire Presente par l'Algerie a la Conference des Souverains et Chefs d'Etat des Pays Membres de l'OPEP."

38. The volume of the decrease in buying power since the start of 1975 has been estimated at up to 30 percent. See,inter alia, Francois Gihel, "Deux ans de Crise Petroliere," Paris, 31 December 1975, p 15.

39. LE MONDE, 19 February 1976, reported that Iran had given the Consortium an oil price discount of 9.5 cents. What is amazing here is that a government which a few months before had arrogantly stated that it had destroyed the oil demon of Saudi Arabia and raised the price of oil was selling the same oil at a lower price ($11.18) than that demon was ($11.30).

40. Page 2 of a summary of the report on the Fifth Plan, publications of the Investigation Department of KEYHAN (English language).

41. OCDE, "Etudes Economiques, Japon," July 1974.

Part One: The Role of Oil in the Iranian Economy and the Industrial Economies

As stated in the introduction to the book, the flow of oil from the oil-rich nations to the industrial nations creates relations between the two whose proper understanding is contingent upon an understanding of the role of oil in the industrial economies and the dominated economies. In reality, oil, as a raw material and growth stimulant (energy) is in the economies of the former category, a means for absorption and attraction. In the economies of the latter category, as revenues, oil causes the fragmentation of the economy and aligns its innate orientation with the expectations of the former category. These relations cause the emergence of constantly growing inequalities between these two categories of economies.

In this part, by studying the role of oil in industrial economies and in the Iranian economy, we will subject the processes of absorption and attraction, fragmentation and also unequal orientation to examination: in Chapter One we will engage in a study of the role of oil in the Iranian economy and in Chapter Two we will engage in an examination of oil's role in the growth of the industrial economies.

Here we must point out that Chapter One of this part was written in the winter of 1972-3. During this period, in the ceremonies inaugurating the steel mill, which took place in the presence of Russian Prime Minister Kosygin (23 January 1973), the Shah stated, in the course of his remarks, that the Consortium was to choose between increasing its production or relinquishing administration of the oil industry to Iran. The study of the Iranian economy in the manner presented in this chapter has made it possible for us to look deeply into the Shah's real goal and to take as given the point that the oil agreement would be extended. Because the basic outlines of this agreement were determined by the role of oil in the Iranian economy and in the industrial economies, the nature of these outlines could also be predicted, and they were. In the light of these points, this study was written together with a statement comprising the predicted main articles of the agreement and an action program which were all presented to a great meeting of Iranians held on 23 March 1973 at the Tunisian House in Paris. The meeting unanimously ratified the statement as the free voice of the enslaved Iranian nation.

Thus Chapter One of this part consists of the research which preceded the statement. The original copy of the manifesto and a comparison between the predicted articles and the text of the agreement which was "ratified by the two houses of parliament and the imperial signature," 4 months later, on 31 July 1973, are presented in the form of an appendix to this chapter.

Chapter One: Role of Oil in the Iranian Economy

On the very day the Consortium Agreement was imposed on the nation, it was clear that this agreement would be prolonged to the last drop of oil. Nonetheless, it was necessary that economic policies be adopted and pursued in such a way that the current regime would survive while having no choice but to extend the oil agreement.

Three years before the agreement was extended, it was predicted after an analysis of the Iranian economy and its manner of growth and orientation that the agreement would be extended, and it was written "It is in this manner that they want to give permanence to the country's enslavement, with out commotion, by preparing the ground for extending the agreement." (See "News Bulletin of the National Front of Iran," Number 9, September 1969, "Extension of the Consortium Agreement.") At the start of the recent oil negotiations this warning was also given regarding the extension of the agreement:

"Fellow citizen:

"Why is this oil, from whose export our lot is economic fragmentation and toil, social and cultural conflict, and the destruction of intellectual and physical powers, being exported? If the flow of oil is cut off, this army, these industries which are sucking up our wealth and power for the benefit of the dominating powers, this regime will have no choice but to disappear. As long as the oil goes, our blood goes too; as long as the oil goes, our human powers and natural resources go also. As long as the oil goes, Iran will not be able to resist falling prey to comprehensive fragmentation and destruction. If the oil goes, its last drop will accompany the last moment of utter collapse. If the oil does not go, the leeches will disappear, the torturing and the gallows and so on and so forth will disappear. Economic life will take the place of economic fragmentation and corruption, and the wealth of this and coming generations, the future of this and coming generations, will be spared." (See "News Bulletin of the National Front of Iran," Number 28, August 1972, "Oil and Blood.")

On 18 August 1972 public attention was once again drawn to the gravity of the danger facing the country:

"Fellow citizen:

"The treason now being committed, in terms of the present and future--in terms of Iran, the Middle East, and even the world--is so great that one cannot pass over it: In the course of, and as a result of, the general long-term agreement between the superpowers, and through the complicity of the Shah, the oil companies have mounted a campaign for the absolute long term control of the oil resources of the dominated countries." (See "Special News Bulletin of the National Front of Iran," Number 7, 18 August 1972, "Oil, Destiny and Fire.")

In March, while the "negotiations" for the extension of the agreement were continuing in San Moritz, an analysis was made of oil's role in the Iranian economy. Through this analysis the basic articles of the extension agreement (which was signed a few months later) were predicted and disclosed. The summary of this analysis and prediction was published at the time (see "News Bulletin of the National Front of Iran," Number 31, March 1973, "A 1-Year Balance Sheet on Oil"). Finally, on 23 March 1973, a great meeting was held and, as the manifesto presented to this group was explained, oil's role in the Iranian economy was analyzed and examined in two contexts: one, that of relations between the dominant economies and the economy of Iran, and the other, that of the role which the disbursement of oil revenues plays in terms of the conspiracy to extend the agreement. This chapter consists of the speech delivered at that meeting.

As we have stated, the agreement was signed 3 months and several days after that meeting. We have compared the articles of this agreement with the articles which were predicted in the analysis, and have affixed this comparison to this chapter in the form of an appendix. It is to be hoped that this will help readers comprehend the meaning of "gaining possession of the oil industry.":

"Beloved sons of the nation, view the destiny of your venerable home with open eyes, lest history remember today's generation with repugnance tomorrow."--Mosaddeq.

In view of the fact that the recent accommodation is the inevitable result of the past of the Iranian oil industry and the influence of the revenues derived from oil on Iran's economy, we will begin our talk by examining the past of oil, not as history but as economics. (By "accommodation" we mean the extension of the oil agreement which was ratified by the two houses of parliament on 31 July 1973):

The oil industry, in its totality, combined with the industrial economies, and the oil revenues in their totality, combined with total consumption in our country, have themselves created a totality of production orientations in the industrial economies and a totality of consumption orientations in our dominated economy. These determine the basic outlines of the orientations of our economy and consequently our oil policies.

After explaining the situation and status of oil in the Iranian economy, we will perforce engage in examining the current oil agreement as the consequence of the process of dependence and assimilation which the Iranian economy has been following. In order for today's generation to be able to look "with open eyes" at its present and future--in order for it to comprehend the true dimensions of the wealth it is losing and in order for it to become aware of the degree of responsibility it bears toward itself and coming generations--we will investigate the situation and status of oil in the future of the economy of Iran and the world.

In this manner, or the diverse aspects of oil (political, economic, social and cultural), we will study the economic aspect, and of that aspect we will study some but not all the issues of this economy.

Section One: Iranian Economic Growth and Oil

In this section, we will discuss the role of oil as a raw material in the Iranian economy and the function of oil revenues in this economy.

Subsection One: Oil as a Raw Material

Put simply, as a complex of production orientations, oil cannot fail to have a role in an economy. If oil as a raw material is not linked with the other sectors and fields of production in an economy, this economy will not form a complex through oil. If oil does not form a complex with the Iranian economy, this can only mean that this economy will not be in a position to be able to use oil as a raw material in the agricultural or industrial sectors--nor will oil be able to benefit from the output of other industries for its own industry.

The economy of an oil state whose oil industry has no relationship with the rest of the economy must perforce, and does, have the following characteristics:

This economy does not have an independent existence and is in its main sector subordinate to other economies. Oil,in an economic complex composed of the Iranian and industrial economies, is used only as a raw material for the industrial economy (and all its branches) .

The sectors of this economy do not have mutually supportive relationships--that is, the agricultural sector does not make use of anything from other sectors and "modern" industry uses only a few agricultural products as raw materials. Not only does the services sector have no logical relationship to the requirements of production growth--indeed, for the most part, it consists of expenditures made in accordance with the needs of industrial economies. For example military, administrative and educational expenditures are made to protect and strengthen the outward flow of great human capabilities (the constantly increasing emigration of the nation's capabilities) and the country's wealth (oil, other mineral resources, and a few agricultural products).

Within economic sectors, each field is severed from others--that is, the fields of production cannot even establish links for the exchange of productive materials within sectors because each of these fields--indeed each unit as well--is in itself the final part and appendage of a field or unit which is located in the centers, that is, in the dominant industrial economies.

As a result of the growth of the latter economy--that is, the growth of the industrial economies--the former economy becomes more and more dependent on imports for its production with each passing day. When people say for example that the Iranian economy has grown by 14 percent, one must immediately look at its imports. If imports have grown by 20 to 22 percent, it is not Iranian industry but imports which have grown. In this situation, Iranian industry is a two-headed sucking monster next to which the fabled dragon is nothing. This industry performs two functions through its growth. One, it is constantly raising the volume of imports at a rate greater than its own growth rate. Two, it devours all the country's capital resources and imposes a bilateral flow of "valuable raw material exports and industrial product imports."

It is not only for its own production that this economy needs foreign products, that is, is not nourished by the resources of the country itself: rather, its products do not conform to either the real current needs or the future needs of the country. If this economy, with its current features, is transformed into a complex--that is, if its sectors develop links with one another and supply the materials they produce to one another--then the Iranian economy will become a furiously growing cancerous tumor which will consume the country's last iota of life.

In conclusion, Iran's economy is alien to its resources and the requirements of its people; with each passing day, it is further transformed into an appendage of industrial economies, indeed into an absorptive force for these economies. Every country's economy is by nature an instrument for providing the growth stimulants of the life of society, but the Iranian economy is playing the role of exporter of this growth stimulant in constantly broader dimensions.

Now that the significance of the lack of relations between oil as a raw material and the rest of the nation's economy in its broader outlines is clear, let us take up the point that oil functions not only as energy but also as an industrial raw material in industrial economies, in all sectors and fields, and in exchange is consumed by the production of the other industries and sectors in the economy. The more the importance of oil's share in the value added, that is, in the totality of the industrial economies' activity increases, the more the value of oil as a raw material and the importance of its role in the overall growth of industrial societies as well as these societies' complex of socioeconomic relations increases with each passing day. (See Chapter Two.) The following table, which compares the economy of France in 1959 with the Iranian economy in 1966, is in itself illustrative of these points. In the language of figures, it summarizes and explains the real conditions which have been referred to. The only point which this table does not state and which no one has yet dealt with is the issue of the Iranian economy's estrangement from the country's resources and from the needs of Iranian society. Economic growth can have no meaning except growth-resource and capability exports if the system and purpose of the economy are part of other economies. Therefore, if the Iranian economy establishes an interacting relationship with oil, as the French economy does, that will not mean that we will possess a complete productive system; rather, as has been stated--and will be stated again, in view of its importance--it means that the parasitic system exporting the country's resources will become fully integrated. In reality, an economy does not grow by being transformed from several unconnected pieces into a complete system. In this regard, well-informed, independent sociologists and economists have stated (and to avoid the deleterious consequences of a lack of awareness one must thus quote them) that it is not enough, in studying economics, to understand the structure and motive forces, and the results of these forces; the orientation of this system and this system's course of movement in production, consumption, destinations and the final destinations must be studied in terms of place (the country and the world), time (past, present and future) and society (the national and international society) from the standpoints of consumption and production as well. It is the study of the direction and conclusion which explains whether it is growing through normal growth or growing by stunted growth. If from the standpoint of consumption the economy is the ultimate consumer and is situated in the first stage of a series of grades of producers, and no change takes place in this situation, the growth of the economy will be stunted; it is the "stunted growth" that grows in such an economy, and very fast! (For example, Iran is the ultimate consumer, that is, it imports, rides and consumes readymade, prepared commodities, but, in production, it is content with the first stage, that of oil production and export.) The more complete the system of such an economy becomes, and the more interconnected its parts become, the more its capacity to consume the production of other economies and export the country's natural resources increases.

This stunted growth is a comprehensive state of affairs; it is a complex of cultural, political, economic, social and natural elements. It is for this reason that the creation of "parent" industrial fields has not only been of no use in economies of this type--it has even increased the speed and dimensions of the stunted growth. Parasitic economies draw the riches of the dominated countries more rapidly with the integration of those countries' economic system--just like oil pumps, which draw more oil from wells in less time and at less cost the greater their power and the more precise their systems are.

Now that these explanations have been made, we will present as a conclusion a table comparing the requirements of the oil sector's need for production of a unit of the commodity (oil) for other sectors:

Table One: Oil Sector Requirements To Produce One Unit of Goods[1]

Iran, 1965		France, 1959	
1. Agriculture	0.0	1. Agriculture	5
2. Livestock rearing, fishing	0.0	2. Food processing	10
3. Mineral extraction	0.0	3. Solid mineral fuels	1
4. Oil Production and Refining	0.185	4. Distributed gas	1
5. Industrial Products Production	0.0	5. Water, electricity, etc.	48
6. Food processing	0.0	6. Natural gas & oil products	48
7. Beverage industries	0.0	7. Building materials	5
8. Tobacco industries	0.0	8. Glass industries	5
9. Textile industries	0.0	9. Iron mining and smelting industry	5
10. Clothing industries	0.0	10. Nonferrous metal refining and processing	5
11. Leather and hide industries	0.0	11. Products involving a change in primary materials and metals	65

12. Wood and furniture	0.0	12. Machines and machine equipment	116
13. Plastics	0.001	13. Automobiles, motorcycles and bicycles	8
14. Newsprint	0.0	14. Electric machinery and equipment	8
15. Chemicals	0.003	15. Ship, airplane and weapons manufacture	8
16. Nonferrous mineral industry	0.0	16. Chemical and rubber industry	176
17. Metal smelting industries	0.0	17. Textile industries	176
18. Metal industries	0.004	18. Knitwear	176
19. Machinery industries	0.004	19. Leather	176
20. Transportation equipment industries	0.003	20. Wood industries	176
21. Other industries	0.0	21. Pulp, paper and cardboard	5
22. Construction	0.0	22. Publishing and printing	37
23. Water and electricity	0.0	23. Miscellaneous industrial output	8
24. Transportation	0.002	24. Construction general services	42
25. Communications	0.0	25. Transportation	661
26. Commerce	0.002	26. Telegraph and telephone services	18
27. Banking, insurance, commercial representation	0.0	27. Housing	18
28. Housing rentals	0.0	28. Other services	18
29. Health and educational services	0.0	29. Receipts from other fields	18
30. Private services	0.0		
Total intermediate expenses	0.195		1,307

Were we not concerned not to speak at excessive length, and if we made a table of the oil receipts of the other sectors, the above table would be complete. Up to this point the figures bear witness that the relations between the oil industry in Iran has been cut off from other economic sectors (leaving aside its exchanges within itself), but, in the economy of France in 1959, that is, 14 years ago, the same oil which was exported to that country from our countries required other industries.

In conclusion, Iran's oil is a stranger to the Iranian economy but has a sympathetic relationship with the industrial economies! Oil does not form a complex with the Iranian economy and does not lay the groundwork for activity and work in its own or other fields; the same oil, however, does form a complex with the industrial economies. That is, it does not combine with our economy and therefore has no effects on it, but rather does combine with the industrial economy and displays all its effects in that. The effects which oil displays in favor of the growth of these economies do not just occur once or twice, not just in one or two fields, not just in one or two places, not just at one or two times. They transcend borders and are a powerful wave sweeping up all the diverse fields of economic activity; in this process, their need for oil increases. You can see with what thirst the job of this fabulous demon, the curse of the souls of the Iranians, has today become one of gratifying itself with Iran's oil! Oil, in the form of revenues, must provide the means whereby the coldhearted monster of the dominant economy will gratify itself with oil to the last drop.

Subsection Two: The Function of Oil Revenues in the Iranian Economy: The Continued Flow of Oil and the Country's Other Resources to Industrial Nations

Beginning with the second half of the Third Plan, together with the implementation of the principles of the "White Revolution," of the organized transfer of the nation's wealth to the centers of dominance and preparation to assimilate the country's economy into the dominant economy in a manner whereby all effects of economic activity would manifest themselves within the dominant center, the members of the system trumpeted the claim that the Iranian economy was growing at a rate of 10, 12, 14, 15,20 percent. The world watched this great leap forward with astonishment, amazement, and so forth.

1. What Sector of the Iranian Economy Is Growing?

Here one cannot engage in a discussion of the quality and degree of the growth of the Iranian economy. Therefore, we will first provide a table on the budget and gross national product in abbreviated form; thus we will determine the volume of the growth of gross national product in terms of the budget. After that, we will measure the growth of the remainder of the national economy and finally perform an analysis of the budget to determine oil's share in the budget and make it clear what sectors and what fields in the Iranian economy are growing and what sectors and fields are not, or are showing negative growth.

Table Two: Gross National Product and Total Budget (Government and Government Organizations), in Fixed Prices, and Growth of Both and Growth of Gross National Product from the Standpoint of the Budget and the Sector outside the Economic Budget (Figures in Billions of Rials)[2]

Year	Budget		Gross Domestic Product Less Budget	
	Total	Growth Rate, Percent	Total	Growth Rate, Percent
1964-5	130	--	238.1	--
1965-6	158.5	21.6	243.7	2.2
1966-7	175.5	8.2	261.9	7.5
1967-8	195	13.7	289.2	10.4
1968-9	247.4	26.8	283.2	-2.1
1969-70	301	21.7	284.4	0.4
1970-1	340	13	305	7.2
1971-2	435	28	270	-11.5

(It is assumed that the proportion of current to fixed prices in national product is the same as that of current to fixed prices in the budget.)

Table Two, Continued: Gross National Product and Total Budget, and Growth of Each in Percent

	Gross National Product		Budget as a Percent of Gross National Product	Volume of Growth of Gross National Product	
Year	Total Volume	Growth, Percent		In Budget Terms, Percent	In non-Budget Terms, Percent
1964-5	368.1	--	35.4	--	--
1965-6	402.2	9.2	39.4	7.8	1.4
1966-7	433.4	7.8	39.5	3.2	4.5
1967-8	484.2	11.7	40.5	5.4	6.3
1968-9	530.6	9.4	46.1	10.7	-1.3
1969-70	585.4	10.2	51.4	10	0.2
1970-1	645	10.2	52.7	6.7	3.5
1971-2	705	9.3	61.8	14.0	-5.5

According to this table, gross national product is growing only in budget terms, no matter how great that may be. From the non-budget standpoint its growth on the average has been 1.3 percent. However, to understand this growth and its real nature, one must also analyze it to comprehend at what speed the actual economy of Iran, that is, the economy which is beyond the influence of foreign capital, is registering negative growth.

For this purpose we will just subtract the net expenditures of the oil companies and foreign investment from the total gross national product of the non-government sector of the economy.

If we take the growth rate of the population, which is from 3 to 3.2 percent per year into account, we will shine sufficient light on the real situation. In actuality, the sphere of independent activity in the overall society is constantly narrowing and economic relations between the government and the society are constantly becoming more unequal. One may ascertain the volume of the negative growth of the agricultural sector of the economy by observing the volume of agricultural imports. In reality, in customary statistical breakdowns, government expenditures in the agricultural field are also considered part of production growth in this sector. However, a comparison of the state of production and consumption, and imports and exports in this sector, in the era of the Mosaddeq government with the last 20 years will show with unparalleled clarity how the government, through rules and

Table Three: Non-Government Sector, Gross National Product Less Foreign Capital Investment and Oil Company Expenditures (the Difference Equals the Growth Rate of the Remainder of Gross National Product Billions of Rials, Fixed Prices)[3]

Year	Gross Domestic Non-government Product (Column 2 C 4 [sic])	Oil Company Expenditures And Foreign Capital Investment	Difference	Growth Rate of the Difference
1964-5	238.1	3.02	235.08	--
1965-6	243.7	7.24	236.46	0.5
1966-7	261.9	5.12	256.78	7.8
1967-8	289.2	4.35	284.85	9.5
1968-9	283.2	5.4	277.8	-2.6
1969-70	284.4	8.6	275.8	-0.8
1970-1	305	5.1	299.9	7.8
1971-2	270	7.62	262.38	-12.4
Total Growth Rate				9.8
Average Annual Growth (Total volume of growth divided by number of years)				1.4
Average Annual Growth, taking 3.2 percent population growth into account				-1.8

regulations, is eliminating all areas of independent life in our society. The change in the structure of agricultural production and the absorption of this sector into the dominant economy--which in itself is extremely important--alongside the negative growth of the agricultural sector and the areas subordinate to it in the Iranian economy and the advancement of the dominant economy and the areas subordinate to that, has created a situation wherein Iran has no alternative but to sell its wealth short. Here is a table comparing agricultural output, agricultural imports and exports and the real negative growth rate of agriculture:

Table Four A: Agricultural Output and Real Growth Rate[4],

In Fixed 1959-60 Prices, Figure in Billions of Rials

Year	Gross Product	Growth	Intermediate and Capital Agricultural Imports, Tea, Meat and Wheat	Growth, Percent	Output (Close to Real Domestic Product)	Growth, Percent
1963-4	89.9	--	4.00	--	85.9	--
1964-5	92.2	3	7.55	89	84.65	-1.5
1965-6	99	7	7.56	0.2	91.44	8
1966-7	102.7	3	5.54	26.2	97.16	6
1967-8	110.8	8.5	4.3	-22.5	106.5	9.8
1968-9	119.6	7	5.9	37	113.7	6.5
1969-70	122.1	2	6.73	14	115.37	1.5
1970-1	125.8	3	6.6	-20	119.2	3
1971-2	122.3	-2.8	11.2	70	111.1	-7
Total Growth		30.7		139.5		13.7
Average Annual Growth		3.83		19.9		1.7
/Total/			59.38		847.71	

Table Four B: Industrial Output and Real Growth Rate[4]

Year	Total Gross Product	Growth, Percent	Imports	Growth, Percent	Domestic Industrial Production	Growth, Percent
1963-4	43.3	--	19	--	24.3	--
1964-5	45.5	4.5	26.9	29.3	18.6	-23.5
1965-6	51.9	12.3	37.3	27.8	14.6	-21.5
1966-7	61.1	15	40.6	8.5	20.5	29
1967-8	70.4	13.5	51.3	20.6	19.1	- 7
1968-9	78.8	10.6	58.4	12	20.4	6.5
1969-70	86.9	9	67.1	13	19.8	- 2.5
1970-1	98.4	11.6	75.5	10.8	23.9	17.5
1971-2	118	20.0	88.5	14.6	29.5	19
Total Growth		96.0		136.6		17.5
Average Annual Growth		12		17.75		2.18

Year	Output Based on Domestic Resources Less 10 Percent Value Added to Intermediate Products	Growth, Percent
1963-4	22.9	--
1964-5	12.6	-28.5
1965-6	11.8	-28.8
1966-7	17.5	32.5
1967-8	15.5	-11.5
1968-9	16.2	4.0
1969-70	15.1	- 7
1970-1	18.7	19
1971-2	22.6	17
Total Growth		- 3.3
Average Annual Growth		- 0.4

These figures, which have been assembled in a scientific, comprehensive manner, illuminate the real nature of the growth of the Iranian economy like light shining on all aspects of reality. This economy is growing in the government sector, that is, in terms of government expenditures, but the growth of the rest of the economy, in spite of the growth of imports, is negative.

Now let us turn to the budget, which in the last decade grew at an annual average of 20.3 percent. What are its component parts and how are they growing?

2. Budget Revenues

The nation's budget sources are classified by five headings. The two following tables show the amount which accrues to the nation's treasury from each source and what the size of the growth of each source is:

Table Five: Ordinary and Development Budget Sources, the Proportion of Each to the Total Budget and the Relative Growth of Each (figures in millions of rials):

Heading	1968-9	1969-70	1970-1	1971-2	Sections as Percentage of Total Budget of 1971-2	Growth in 1971-2 Compared with 1968-9 (percent)
Direct Taxes	12.9	18.6	25.6	30.6	8.6	236
Indirect Taxes	35.3	43.7	49.4	55.4	15.6	156
Incomes Derived from monopolies (oil) and activities of government enterprises	73.2	91.5	104.9	147.3	41.4	202
Incomes derived from services	5.9	4.0	8.2	7.9	2.1	38
Other sources of credit supply (loans)	60.8	63.6	83.7	115.1	32.3	189
/Total/	188.1	221.4	271.8	356.3	100	362

These two tables are expressive and articulate and need no explanation. They show that between 1968-9, the first year of the Fourth Plan, and the first year of the Fifth Plan, the budget quadrupled.

Table Six: Table Comparing the General Budgets of 1971-2 and 1973-4 (Figures in billions of rials)[6]

Heading	1971-2	1972-3	Sections as Percentage of Total, 1971-2 Budget	Sections as Percentage of Total, 1973-4 Budget	Growth of 1973-4 Budget Compared with 1972-3 Budget (Percent)
Direct and Indirect Taxes	821.1	118.6	28.4	25.2	44
Oil and gas	155.3	226.5	53.8	48.2	46
Other revenues	20.8	16.5	10.7	3.4	-21.5
Domestic and Foreign Loans (Net)	31	109	17.1	23.2	352
Total	289.4	470.6	110	100	165

This rapid growth was the result of a tenfold increase in oil revenues and a tenfold increase in domestic and foreign loans. The growth of the nation's economy may be summarized in one statement: the growth of the budget. The growth of the budget may be summarized in the growth of oil revenues and foreign loans. A comparison percentages in these two tables shows that the proportion of oil revenues and loans increases with each passing year; at the same time, the proportion of loans in the general budget increases with each passing year. This proportion rose from 17.1 percent in 1971-2 to 23.2 percent in 1973-4. This means that the future is being spent in advance. It is these loans which determine the direction of the growth of the Iranian economy. It is these loans which prepare the circumstances for the unrestricted plunder of the nation's sources of wealth in the nation's future.

In order that it may not be assumed that direct and indirect taxes have a basis other than in oil revenues, and in order for the shadow of all forms of ambiguity to be eliminated and for it to become clear that oil revenues and loans are calculated several times and that economic growth takes place through them, we present the structure of this category of revenues in the following table:

Table Seven: Structure of Direct Taxes[7]

Category	1968-9	Sections as Percent of Total	1969-70	Sections as Percent of Total	1970-71	Sections as Percent of Total
1. Taxes on Incomes	3.6	27.8	4.5	22	5.7	22.6
2. Taxes on government corporations (including taxes of Tobacco Co Ltd	2.0	15.5	5.7	28.5	6.5	25.9
3. Taxes on non-government corporations	2.8	21.4	3.8	19	5.3	21.0
4. Agricultural, property, profits, and incidental taxes, stamp taxes, etc.	3.5	27.4	3.96	19.7	5.15	20.0
5. Occupational Taxes	1.0	7.7	1.9	9.5	2.6	12.5
6. Foreign Contractors' Taxes	--	--	0.7	1.3	--	
Total	12.9	100	20.56	100	25.25	100

As this table shows, about 25 percent of direct taxes consist of taxes on the earnings of white-collar workers.

The simple interpretation of these taxes is that the government spends part of the oil revenues and loans it receives on wages for its employees, then deducts part of these wages in the form of taxes! The same table states that more than 50 percent of direct taxes consist of taxes which the government itself receives from itself, while taxes on subordinate and rapacious capitalists constitute only 21 percent of direct taxes. Are these private corporations not persons whose activity is the wholesale importation of goods, assembly or moneychanging? Aren't oil revenues and foreign loans the money which is spent on these imports and this moneychanging?

Thus, half of the direct taxes are related to oil incomes and foreign loans. If we pay correct attention we will see that a basic portion of the stamp taxes, occupational taxes, contractors' taxes, and profits taxes also may be attributed to oil, since all these activities are the direct result of the distribution of oil revenues in various fields. As for indirect taxes:

Table Eight: Structure of Indirect Taxes (in billions of rials)[8]

Heading	1969-70	As percent of total	1970-71	As percent of total
1. Taxes on oil products	7.1	16.2	8	16.2
2. Customs	28.8	65.9	31.4	63.4
3. Alcohol and beverages	1.6	3.7	1.9	4.3
4. Other indirect taxes	14.2	14.2	8	16.2

According to this table, 16.2 percent of indirect taxes are taxes on oil products, and 64 to 66 percent are taxes on imports--that is, taxes on goods we purchased with oil money, through oil revenues and foreign loans, and imported to Iran. Most of the rest of the indirect taxes--that is, 18 to 20 percent of them--are still on consumption for which money has been obtained from oil and foreign loans. That is, either the consumer is a wage earner or he is created by the parasitic activities which oil revenues and loans have created.

As a result of the explanation we have hereby made of the budget, we concluded that we have reached the following results from the first experiment in Section One of this discussion: the nature of government expenditures is such that oil does not constitute a local raw material in the Iranian economy; rather, oil revenues and foreign loans constitute the entire government sector economy.

The conclusion is:

1. The nongovernmental sector of the Iranian economy has a negative growth of 1.8 percent a year on the average. Let it not be forgotten that one should take the 3.2 percent growth in population into account.

2. The governmental sector of the Iranian economy grows by 20.3 percent a year on the average.

3. In the governmental sector oil and foreign loans constitute the two main axes of growth; these two increased tenfold between 1968-69 and 1973-74.

4. The future of the Iranian economy is mortgaged to this cancerous growth, This growth demands a greater rate of growth in imports and oil production each year, and as a consequence it also leads to an increase in the volume of loans each year. The latest oil agreement is a regression, considering the radical difference between today's favorable conditions and the period of the nationalization of the oil industry--or even without considering that period, but just comparing it with the Consortium Agreement--and as an inevitable result the nation's growth has been destroyed. Here we will proceed to the discussion in Section Two.

Section Two: The Iranian Economy at the Beginning of the Fifth Plan

At the start of the Fifth Plan, the Iranian economy was turned inside out. At the time the oil industry was nationalized, the government budget consisted of advance withdrawals of a portion of the national product--that is, the bases of the nation's economy were established on domestic production, and the government budget consisted of taxes which were derived from this production. However, 20 years later, the government budget has become the basis of the nation's economy--an economy whose arena of activity is Iran but which in reality is part of the dominant foreign economy. The growth limits of this part are determined by the growth expectations of the dominant economies. Therefore the growth of the budget, as we have seen, is of necessity greater every time than before. The entire structure of the Iranian economy has been built on the foundation of the government budget. The survival of this foundation is contingent on its accelerating its growth. Any kind of stoppage, any kind of pause will overturn the foundation and bring down the structure. This foundation itself is based on a foundation of oil and foreign loans on the one hand and imports and foreign capital investment on the other. Thus the slightest reduction in oil production and foreign loans will reduce government spending and imports at a greater rate. With its structure, the nation's economy will be overturned and of course that will place the regime's survival in danger.

Let us test the validity of the above interpretation by studying foreign loans and the course of imports, government expenditures, and the deficit in government spending:

Subsection One: The Country's Foreign Debts

The following table shows the situation in terms of the net loans still owed by the country at the end of every period:[9]

Table Nine: Loans (in Millions of Dollars)

Year	Loan Net	Percentage of Loan at the End of Period (1975) Relative to Previous Periods
March 1955-end of First Plan	78.8	4,000
March 1963-end Second Plan	531.6	600
March 1968-end of Third Plan	755.3	415
March 1973-end of Fourth Plan	2,569.4	23
March 1974-end of first year of Fifth Plan	3,169.4	--

The growth in foreign loans, which was cancelled out because of recession in the second half of the Second Plan, was soon compensated for with great speed by the "White Revolution"; at the end of the Fourth Plan, foreign loans attained an annual average of 23 percent, which was 3 percent greater than the growth of the budget. The loans which Iran assumed since March 1974, which must be paid in coming years, are 40 times greater than the unpaid balance of loans at the end of the First Plan, six times greater than the unpaid loans at the end of the Second Plan, more than four times greater than the loan balance at the end of the Third Plan, and 23 percent greater than the balance of loans at the end of the Fourth Plan.

Subsection Two: Imports

We will now draw up a table comparing the growth of gross national product with imports and compare the figures, the percentages and the trends of these percentages with the results of the table on loans; here is the data concerning the table and the table itself:

Table Ten: Comparison Between Imports and Gross National Product in Current Prices (Billions of Rials)

Year	Gross National Product	Growth Rate	Imports	Growth Rate	Ratio of Imports to Gross National Product *
1959-60	282.5	--	41.6	24.3	--
1960-1	314.5	10.5	52.7	27	14.7
1961-2	332.7	5.8	47.2	10.2	16.7
1962-3	353.6	5.2	42	10.2	14.2
1963-4	370.3	5.8	39.3	- 7	11.9
1964-5	408.8	9.5	56.8	44.3	10.5
1965-6	469.5	15	66.5	17	13.9
1966-7	489.5	4.1	73.6	10.8	14.2
1967-8	553.1	13	90.5	23	15.1
1968-9	602.7	10.9	117.5	30	16.4
1969-70	690	13.5	132	12.5	19.2
1973-74	1,745.3	49.4 **	381	65.6	22

*(The reader's attention is drawn to the important point that accounting was not made in accordance with current foreign currency payments but rather in accordance with the sale of hard currency for imports. It would have been more proper had it been made in accordance with current payments; in that case, imports of goods and services as a percentage of gross national product would have been much greater.

**(The 1973-4 growth rate was for 1972-3. In that year, although oil revenues increased by 120 percent, imports as a percentage of gross product still also increased.)

The table comparing imports and gross national product most clearly validates the above interpretation: imports, which were growing by 24.2 and 27 percent in 1959-60 and 1960-61, had a negative growth in the course of the recession; then, with the start of the Third Plan, the increase in oil revenues, and the rapid rate of growth of oil output, imports growth once again became positive and changed trend, from -7 in 1963-4 to 44.3 percent in 1964-5. The rate of growth of imports in the Fourth Plan was double the volume of growth of gross national product and 1.5 to 2 percent greater than the growth of the budget. Imports as a percentage of gross national product in 1969-70 were 19.2 percent, that is, approximately one-fifth of gross national product.

The recession of 1960-63 (when oil revenues actually increased only slightly, as a result of the drop in prices), the status of the gross national product, loan and imports figures in that period, and the fact that their growth was negative, are sufficient to prove how the effects of a reduction (or even a lack of adequate growth) in oil revenues, and as a result imports, will erode the foundation of this flimsy structure. Implementation of the open door policy has placed the Iranian economy on a road where its continued survival is absolutely impossible without a rapid increase in oil production--to the extent where the slightest drop in oil production growth (to say nothing of a shutdown of production) will make this economy's activity totally desperate for money.

The following table on the budget, and attention to the growth of its deficit and the growth of the deficit as a percentage of the budget deficit, will give us confidence in the validity of this explanation and will enable us to understand the status and potentials of the Iranian economy, on the basis of whose growth an all-encompassing war has supposedly been declared on the Consortium:

Table 11: The Ordinary and Development Budget and the Volume of the Budget Deficit (in Billions of Rials)[11]

Year	Ordinary and Development Budget	Deficit	Growth of Deficit (Percent)	Deficit as a Percentage of the Budget
1963-4	70.6	15.2	--	21.6
1968-9	188.1	45.8	651	24.4
1971-72	365.2	110.3	240	30.2

(In spite of the great increase in oil revenues, the budget deficit in 1976-77, according to the approved budget, is still 145 billion rials!)

Thus at the end of the Second Plan and the first year of the Third Plan, the growth of loans was greater than the growth of the budget. In the first year of the Fourth Plan, loans constituted 30.2 percent of the ordinary and development budget. In 1973-4, the net government loan figure by itself constituted 23.2 percent of the ordinary and development budget--in other words, one must consider that the budget deficit is greater than 40 percent of the budget.

The conclusion is that in March 1973, when the new agreement was being signed, not only was Iran's thirst for oil revenues increasing, indeed, it would have lost the motive power of its own existence had it lost 1 days' worth of oil revenues.

Subsection Three: The Role of Money in the Capital Export Process

This diagnosis will still not be complete unless we talk, if only in passing, of the role of money as the basic instrument in the one-sided flow of resources. The function of money and monetary policy in the relationship with the dominant economies is to intensify the need for increased foreign currency resources, that is, increased oil production, increased foreign loans, increased foreign capital investments and reduced non-oil exports. A summary explanation of this point is that in the Consortium Agreement, the Iranian government was compelled to buy foreign currency from the Consortium at the top price; from that time on, even though the value of the rial has dropped to less than one-third its former level, the exchange value of the rial in dollars has been preserved. Recently the government, which was supposedly on the verge of war with the Consortium, revalued the rial by more than 11 percent in face of the decline in the value of the dollar. If we add them up, the official dollar devaluations, which occurred on three occasions, come to more than 18 percent. Iran's money has risen by 11 percent in value with respect to a currency which itself has declined by 18 percent--that is, the official value of the rial has increased 30 percent relative to the dollar all in all. Put simply, the Iranian exporter obtains 30 percent less for every dollar's worth of a commodity he sells abroad. That is, the dollar the exporter obtains for selling a commodity has become 30 percent cheaper in the official rate. If we just calculate the decline in the purchasing power of the rial relative to the dollar in the light of this 30 percent at a ratio of two to one--that is, if we assume that the buying power of the rial in these 20 years has been double that of the dollar, which is roughly the most stable currency of the capitalist countries, the Iranian exporter must sell the commodity he exports at half price and then sell the dollar he receives at a 30 percent reduction. Thus this monetary policy in the course of the past 20 years has prevented the growth of real production in the nation's economy and has changed the structure of exports. In practice, it has restricted exports to oil, minerals, some agricultural products and the re-export of assembled industrial products, which in themselves are another factor creating a need for hard currency revenues derived from oil.

However, the importer, to the contrary, sells every dollar of goods he imports in the domestic market for at least double the price (the difference in the exchange value of the rial relative to the dollar) and changes the money he acquires into dollars in the Central Bank. In this exchange, he receives $2.60 for every dollar with which he has imported goods. Thus, the exporter must export goods worth $2.60 in order to obtain one dollar while the importer obtains $2.60 with every dollar he imports. It is this very policy of paying double for something in the service of a foreign power which in essence has trampled domestic production underfoot, replaced it by imports and made foreign capital the power controlling the nation's economy. It is this policy which has brought a handful of parasitical importers, in the words of **KEYHAN** Airmail, from nothing to a wealth of 300 million tomans and more in the course of less than 10 years.

Now, by observing the general characteristics of the country's economy and by illuminating the condition of the Iranian economy at the beginning of the Fifth Plan--at the time of the secret negotiations between the Shah and the Consortium--we can determine the basic outlines of the agreement which is to be imposed. In reality, an economy which will collapse if it goes for 1 day without oil revenues has doomed itself in advance to submission to the dictates of the powerful. The objective of the powerful is not only just to recapture the money which has been spent as revenues from oil sold at a trivial price in the shortest period, with the same security, by intensifying the dependence of the Iranian economy, but also to arrange the rapid absorption of all the country's natural and human powers and resources.

Section Three: Concerning the Crippling New Agreement

In this section we will use a method which will enable figures and data to take the form of words and speak most articulately of their identity, of their place, of their relations, of the power they create, of the direction which this power takes, and of the objectives of production. It is not at this point the objective to take up the importance of methology and the use of method in the process of scientific investigation; however, there is no alternative but to point out that if the proper scientific method had been employed it would never have been possible to keep these subjects ambiguous and for the government to advance to this degree of obscurity in opening the door to the plundering of the country in service of the world powers. It would never have been possible to destroy what had not yet been formed and consider the Shah's statements "without a doubt a model of the intensification of the contradictions between the ruling class of Iran on the one hand and the rapacious imperialist oil monopolies on the other."[12]

By gathering together the elements and data which make up the complex of attributes of an identity and are effective and the orientation and objectives of whose activity may be determined in advance, it is possible to ascertain the basic outlines of the imposed agreement and confront it in a proper manner:

Once, on 25 June 1972, the Shah explicitly stated at a conference he had organized in London that he had extended the Consortium Agreement. On 5 October 1972 the well known New York Agreement /sic/ was signed by the Consortium and the other oil companies. From that time on it was known that the extention of the agreement would take place in a manner conforming to the New York Agreement: that is, the terms which had been imposed on the other oil companies would be imposed on Iran as well. The Shah once again pursued the same policy he had always played, in preparing the ground for the capitulation of the oil countries. Without exception, every time a confrontation arose, an agreement would first be made with the Iranian regime and after that the other oil countries would find an excuse for surrendering. The policy the Shah adopted vis-a-vis OPEC was always to present OPEC with a fait accompli so that it would have no recourse but to follow. At the beginning of the summer the Shah, by extending the agreement on conditions beneficial to the Consortium, weakened the position of the other oil countries. The New York Agreement was signed in accordance with this preparatory ground work and after that the actual game began, ending when the Shah was induced to sign a copy of the new agreement in Saint Moritz. We will lay out the basic outlines of this imposed agreement which were predicted one after the other through scientific investigation.

Subsection One: Concerning Administration of the Oil Industry

From now on the operating oil companies will be the agents and representatives of the National Oil Company. The government claims that now after 70 years, it has won the full administration of the oil industry. In order for this to be true it is necessary that financial power, technical power, the power to manage production, marketing power, the power to orient production and consumption, the power to change the orientation of production from outside the country to within it, the power of the nation's economy to accept a truly independent oil industry, and the power of a skilled workforce, be combined in one total complex, that is, a "national" oil company and the Iranian economy.

If a policy of an economy without oil had been adopted, that is, if we had pursued the road Romania did and had spent the oil revenues in a way that would have absorbed and kneaded the oil industry into the Iranian economy--if we had adopted a policy which would have allowed the country not to export crude oil--the past 20 years would have been sufficient for us to reach Mosaddeq's goal, that is, to attain the true nationalization of the oil industry. However, the policy which the regime did adopt, which by the testimony of the Fifth Plan will continue in the future in dimensions several times greater than in the past, has not only deprived Iran of the powers listed above--it will also keep it deprived of them in the future, that is, until the last drop of oil has been used up.

In Sections One and Two of this study we described Iran's economic situation and its power independently to administer the oil industry; there is room for us to deal with that again. Here we will just say:

Doubling oil production in the next 5 years will require about $2.5 to $3 billion in capital investments. In March 1974 Iran had foreign debts of $3.2 billion and it will borrow another $3.8 billion during the Fifth Plan. The arms it will buy will cost $4.3 billion. Given this situation, is it possible to invest $3 billion in oil? The answer is plain: it will be necessary to borrow this capital from the oil companies. Will the oil companies be prepared to give the Iranian government money to invest any way it wants in any area of the oil industry it wants? Clearly not. Thus from the standpoint of capital and the manner in which capital is used, the discretionary power cannot be outside the hands of the oil companies. The only difference there will be with the past--and we will explain this in the section on capital investment--is that the companies will take this capital investment, that is, the costs of producing crude oil, from Iran. (Even though oil revenues have incr[illegible] several times over, according to a statement by the Shah himself in February 1976, the management of capital investment has remained in the hands of the Consortium, which does not even pay its share!)

Subsection Two: Concerning Technical, Administrative, Operating, Manpower and Other Powers

The situation is so chaotic that the regime, in justifying the oil companies' tutelage, says that the oil operating company will manage oil production as the National Company's representative until we acquire technical power. Twenty years ago the Consortium undertook to arrange for Iran to dispense with foreign countries from the technical and administrative standpoint or in terms of skilled manpower. Twenty years later, the Shah is content with the fact that the Consortium has not lived up to its commitments. What is the answer of the person uttering these words to his victims, to the people who have been executed by his orders? For 20 years the best of Iran's offspring have been executed and tortured just for saying that the Consortium was plundering Iran and has not acted of any of its commitments. Have the people who have shut down classes many times with a hail of bullets asked the Consortium once to explain why it wasn't carrying out its commitments?

If after 20 years we still need foreign experts and technical aid in order to produce crude oil, what technical capability will we have if we want to create a real oil industry in the future? From the technical and managerial standpoint and in terms of experts in the present and future, the oil industry will first of all remain a crude oil producing industry and secondly the monopoly power over this production, and therefore a monopoly over management, will be in the hands of the oil companies.

Subsection Three: Marketing Power

In order for a seller to be able to deal with a buyer on an equal basis, there must be equal power on both sides. In the event the seller's power is less than the power of the buyer, the transaction will be an unequal one. Regarding oil, the oil-rich countries, including Iran, will be able to gain equal power when their basic reliance is not on oil revenues and when their economic structure is not more backward than that of the purchasing countries, that is, when their economies can use oil as a raw material--or at least, if the volume of their economic activities is not as great as that of the dominant economies, when the sale of oil will not be more important to their economy than the purchase of oil is for the buyer. Finally, their economic growth should take a direction where the party possessing the oil will take the main share of the whole value which oil creates in the purchaser economies.

If these powers do not exist and the purchaser has the political power of the seller country in his grasp, also has a monopoly of the market and has the means of transport at his disposal, and the oil industry throughout the world up to the distribution of oil--that is, from the oil well to the gasoline pump--is also at the buyer's disposal and in his possession, the seller will have no choice but to sell the oil at a price which the buyer sets.

Here is where the conclusion of Sections One and Two of this study becomes apparent: the Iranian economy is not to be considered an independent entity. Since almost all of its Iranian oil industry is concentrated in crude oil production, and since even the output of Iran's petrochemical industries, except for a small vestigial portion, exists to supply the industrial economies' requirements, it has no access to the world's markets except through the Consortium and must accept the prices which the Consortium sets. Thus the "homeland" of the Consortium--that is, America--determines the price of the oil in accordance with the expectations of its economy.

Thus from the standpoint of oil sales management and even the determination of the price of all oil, industry activities will remain an absolute monopoly of the Consortium. Essentially, this purchasing monopoly constitutes the gist of the imposed Shah-Consortium agreement. A study of the Fifth Plan will prove that not only is it not intended that the status of the Iranian economy in its future capacity be reformed and strengthened--indeed it is desired that the nation's economy will be brought to a state of weakness and destruction.

In the final section of the study we will discuss the results of the inequality of the situation in the language of figures and will reveal the extent of the plunder that has been arranged--if not in all its dimensions, then in some of them and in its basic directions. Here we will content ourselves with mentioning the fact that selling some of the oil outside the Consortium will change nothing. Even if oil tankers are purchased (and of course they will be since in the past two decades it has been possible to conceal expenditures of this sort), still nothing will change, because the price is the result of a confrontation of powers: it is the ratio of power of the buyer to that of the seller which determine the price of goods. If this power is and remains equal, prices will be determined around the midpoint between the expectations of the buyer and the seller. Of course, as long as the center of Iranian economic decision-making and growth is outside this economy, its power will constantly decrease.

Acquiring an industry in this manner is tantamount to acquiring a lion without a mane, blood or belly. How can it be possible to administer an industry independently if it is in the total control of the buyer from the financial, technical and administrative standpoints and in terms of setting the type of product, sales, price and future? What meaning other than "tutelage" can "under the representation of," which is granted to the operating company in the imposed agreement, have?

In the imposed agreement, the operating companies will apparently be the National Oil Company's representatives and, as was explained, they will be the permanent and plenipotentiary guardians of this company. They will also be exempt from all probable taxes on practical control, including operating costs.

The law nationalizing the oil industry and the expropriation law were not passed in order that Iran should fall under the permanent guardianship of the foreign companies and perforce strip itself of its powers after 70 years. The oil nationalization proposal, which the great martyr Hoseyn Fatemi made and for whose implementation Mosaddeq sacrificed his life, was not aimed at attaining this result. This solution is in total contradiction to the principle of the nationalization of oil, which says "In the name of the prosperity of the Iranian nation and with the objective of helping to ensure world peace, we, the following signatories, recommend that the Iranian oil industry be declared nationalized in all areas of the country without exception, that is, that all exploration, production and operating activities be in the hands of the government."

Thus control, which is a dry, empty title, is not an advancement or improvement over the past, it is a regression, because it frees the Consortium from all enforcible actual and probable consequences of being a party to the agreement and leaves it free to administer Iran's oil at Iran's expense according to the wishes of the Consortium itself.

Subsection Four: Concerning the Volume of Production

The intention is to present the doubling of Iran's oil production in the next 5 years to the people of Iran themselves as a great victory, although the meaning of this doubling in terms of revenues means increasing the industrial countries' revenues by much more than double the volume. Since we will make this calculation in the final section, here we will just examine the question of what economies need to have oil production as a raw material doubled and what economies need to have the revenues derived from this production.

In Section One of this study, we saw that the Iranian economy has no link with the oil industry and that the trivial amount of oil products which are consumed is also consumed in the form of final products. Therefore the Iranian economy does not need increased oil production. However, the industrial economies do. Not only will America have to import 50 percent of its oil by 1980--as a result, taking firm grasp and control over oil revenues will be the sole means for correcting the balance of payments and, consequently, for consolidating the position of the dollar and the economic dominance of the world.

However, not only does the Iranian economy need increased oil revenues--and as we have seen cannot live without them--indeed, even with the doubling of production, it still must secure an enormous part of its foreign exchange requirements by taking out loans and attracting foreign capital investment. The result is clear: the dominant American economy needs both the oil itself and the hard currency revenues derived from it. The Iranian economy is sick with money and sick with oil revenues; therefore Iran's oil output must be and is doubled. However, the basic question is this: to whom must the task of spending on production be assigned? Under present conditions--and more in the future than today--America's balance of payments situation will have a determining effect on that country's relations with the rest of the world. Therefore the matter of managing the oil-rich countries' oil revenues must be resolved. The New York Agreement and the recent imposed agreement, among others, have resolved the matter totally in favor of the American economy.

Subsection Five: Concerning Capital Investment

The subject of capital investment in oil industries, means of securing it, and the need to impose a portion of the burden of it on the oil countries has been raised in serious form for years, at least since 1965.[13] The volume of capital investment required for this industry has been estimated at $200 billion in the decade 1965-75 and at $350 billion in the decade 1975-85.[14] This is the equivalent of 10 to 20 percent of all the capital investment in the West. In the current situation the world's money markets cannot provide more than half of that amount; in addition "It is inconceivable that the oil industry alone could draw more than 10 to 20 percent of all the capital existing in the world, or $10 to $15 billion a year."[15]

What then must be done? American economic experts sat down, thought and came up with a solution:

A. If they assign exploration and production costs, which might be wasted if they yield no results, that is, yield no oil, and are also burdensome, to the oil-rich countries themselves, a substantial amount of pressure would be removed from the capital market.

B. In the last decades of oil exploitation, capital expenditures are investments which have actually been written off and it would be best if these capital investments came from the pockets of the oil countries themselves.

C. A portion of the burden for the required capital investments in industrial countries must be assigned to the oil-rich countries. If these oil countries also assume the burden of investing a portion of oil industry capital in the industrial countries, substantial results will be obtained: the flow of crude oil to the industrial economies will not be exposed to the danger of interruption, the oil countries will be less able to use their revenues as a weapon, the necessary capital will have been secured and, finally, as a consequence of these interminable capital investments, not only will the industrial countries' capital be spared, indeed, because half of these capital investments are made in America alone,[16] that country will be able to improve its balance of payments and invest some of the industrial economies' capital, which will be liberated, to its own profit in the areas it wishes.

After reaching these conclusions, the American government imposed this solution on the countries which are subordinate to it, also with the desired imposing it on the other countries through them.

Thus it is apparent that Iran's share of independent management was to be and was the independent defraying of production costs. In this regard, the statement by the oil bulletin BIP is explicit:[17] raising oil production from 5 to 9 million barrels per day will require $2 billion. Capital investment expenditures were a burden on the Consortium but, through the new arrangement, the Consortium will gain a profit of $2 billion.

However, it is not just production costs which are being imposed upon Iran--the costs of protecting the security of the oil flow have now become Iran's responsibility. KEYHAN (air-mail) of 18 February 1973, under the title "The Army Is Being Rebuilt" wrote: "Iran's goal, in its specific orientation toward rebuilding the army is to preserve peace and stability in the Persian Gulf area and to ensure that the flow of oil to Western markets will continue." To guarantee this security and help the American economy, the Iranian government, 18 months ago, by order of the governments of the United States and Britain, bought $4.2 billion worth of arms.

Subsection Six: Value of Oil Products

One might say that one is losing sight of the trees for the forest.

In discussions about price, the issue is always raised in such a way that the price of crude oil is calculated to be several times lower even than the price mentioned. These calculations are carried out in their totality by raises in the costs of production, by calculating the prices of products used at a high level, by calculating depreciation and reserves, and finally by including the taxes to the countries concerned, which in the current conditions of capitalism ultimately return to the companies themselves.[18] However, this calculation does not allow us to realize the true dimensions of the pillage. Here, on top of what has already been said regarding the determination of price, we will engage in an analysis of product prices, so that it may become clear who, and in what proportion, profits from the oil sold in world markets:

The price of a barrel, assumed to be $11 (for information on the evolution of this structure, refer to the statistical appendix of this book) is broken down among the seller and intermediaries as follows:[19]

Table 12: Breakdown of the Price of a Barrel of Oil

Component Parts of the Price	Dollar Share	Percent of Total
Crude Oil Production	0.25	2.3
Oil-State Revenue	0.74	6.7
Oil Company Net Profit	0.76	6.9
Transportation	0.60	5.5
Refining Costs	0.50	4.5
Distribution and Middlemen	2.40	21.4
Direct and Indirect Taxes of Consuming Countries	5.75	52.3

The portrait is plain and obvious: just 6.7 percent of the price of the oil sold to the ultimate consumer in world markets goes to the oil state; the rest, that is, 93.3 percent, is obtained by the industrial countries. One must search for the sum total of the factors for the low price of crude oil and its continuously decreasing percentage of oil products prices in this price structure. In reality, since oil participates in all economic activities of the industrial countries as a raw material, as a growth stimulant and as fuel, every change in its price is reflected in the total price of products. Thus oil is a big weapon in the economic competition among dominant countries: if the price of oil in one economy should rise above that in other economies, the products of that economy will not be able to compete with the products of other economies in the world's markets. Independence or dependence in oil is a matter of life or death as far as countries with dominant economies are concerned. In fact, if America succeeds in becoming the monopoly oil price setter, Europe will in practice assume a subordinate position.

In view of these unstated facts, it is obvious that prices are set within the limits determined in the New York Agreement. The meaning of the statement the Shah made, to the effect that Iran's oil revenues will not be lower than those of any Gulf state, is that the price structure will stay as it was: 6.7 percent of the price of Iranian oil today will be Iran's share, 93.3 percent will be the share of America and the other dominant countries, and Iran's share of the price of oil products will decrease in the future in the same proportion as the price of oil products increases, this time in a different fashion. (See the chapter on the transfer movement of oil incomes.)

Unfortunately, however, we have not yet been able to determine the oil and industrial countries' real share of the total value which oil creates in the world's economy. Because oil contributes to the total added value of all products, oil as a raw material has geometric effects in the short term, accelerating effects in the medium term and cumulative effects in the long run. In simple language, when oil enters an economy, it creates activity in accordance with the capacity of that economy which is equal to and up to several times itself (a geometric effect); these activities create other activities, and the productive movement of the total economy becomes accelerated (accelerating effect); finally, oil raises the volume accumulated within the economy and the capital derived functions in a permanent manner within that economy (cumulative effect). Oil is not a simple material; this chemical compound lies at the heart of chemical compounds. So to speak, it has a future. The derivatives of oil become the basis of a new industry every day. If we calculate these effects and also the importance of oil in the future, the oil states' share of the value of oil will not even add up to 1 percent. Not even this 1 percent will be permitted to be spent in our economy.

The conclusion of the investigation into the basic outlines of the agreement which is being imposed is as follows:

The Consortium will be the National Oil Company's monopoly representative in managing the production and sale of oil.

Production will double in the next 5 years.

Capital investment costs will be imposed upon Iran.

Prices will be determined within the limits set in the New York Agreement.

Iran's oil revenues will be spent on guaranteeing the security of oil plunder (arms purchase) and capital investment in the industrial countries, in particular America.

The Iranian economy will pursue a course which will not be changed until the oil reserves are used up.

Is there anyone who considers himself an Iranian, who considers himself independent, who considers that he thinks of this hungry, naked people, who considers himself to be part of this people, and who yet approves of this agreement?

Section Four: Oil's Place in the Economic Future of Iran and the World

The revenues which oil will create in the Iranian and world economies will be studied in two subsections. However, before this issue can be explained, calculations must be made in accordance with actual prices. The reason why probable price changes have not been taken into account is that they will not change the direction the effects of these revenues on the economies of Iran and the industrial economies.

Subsection One: Oil in the Iranian Economy

Like the past plans, the Fifth Plan itself is proof of the fact that the gates of the Iranian economy will be closed to oil in its capacity as a raw material. However, the effects of oil as revenue--effects which we enumerated in Section One of this study, will be intensified. (Today this prediction has assumed the status of fact: the 1976-77 budget has a deficit of more than $2.1 billion.) There is neither the opportunity nor the possibility here for studying all aspects of the effects on oil revenues--we will merely examine Iran's situation in terms of the increased balance of payments deficit as a net result of the overall effects of oil revenues, up to the year 1979-80, in the following table. We prepared this table in 1970 in accordance with the analysis whose basic outlines were discussed in Section One of this study.

Table 13: Required Foreign Currency and Foreign Currency Deficit, Assuming Actual Prices Remain Fixed (before the 1973 Increases)

Year	Foreign Currency Required (Required Foreign Currency in Excess of Oil Revenues) Figures in Millions of Dollars	Foreign Currency Obtained from Exports and Foreign Currency Purchased for Services	Balance of Payments Deficit
1969-70	1,295	550	745
1970-71	1,209	616	593
1971-72	1,322	690	362
1972-73	1,436	773	663
1973-74	1,551.5	866	985.5
1974-75	1,664	970	694
1975-76	1,770	1,086	684
1976-77	1,863	1,216	643
1977-78	1,938	1,362	576
1978-79	1,974.8	1,525	549.8
1979-80	2,142	1,708	434
/Total/	18,071.3	13,364	5,899.3

In preparing this table, we assumed that copper, uranium and so forth would also be produced and exported and that foreign capital would continue flowing into Iran as before. The figures for the years 1971-2, 1972-3, and 1973-78 (the approved budget and the Fifth Plan) proved the correct trend of the calculation. This table was drawn up assuming the country's non-oil revenues would be at a maximum, that is, on the assumptions that:

1. All the country's other underground and aboveground resources would also be at the disposal of foreign capital and would be extracted and exported.

2. That industrial product re-exports would provide foreign currency.

3. That the growth rate of requirements would be a minimum and the growth rate of foreign currency revenues would be a maximum.

The figures show that the country in the coming decade will still have a $6.9 billion deficit in light of the minimum foreign currency required. (The proper interpretation of the analysis is that even though oil price increases have raised oil revenues many times over, the foreign currency deficit still exists!) To provide this, as the deputy minister of economy has "deferentially stated," it will still be necessary to borrow against the account of oil and other underground resources--in other words, the country's resources will still be mortgaged for coming decades. Imports which do not conform to our needs in the present or future will wrest all the country's sources of wealth from our grasp: this is the meaning of "stunted growth" in its true dimensions.

Thus the study of stunted growth is not just one of the current situation, and the studies which have been made in this area have not succeeded in bringing the subject into the realm of science and knowledge in toto. The study of the dynamics of stunted growth in the future is the most important chapter in the scientific lore of the nature of stunted growth and reserves on a worldwide scale. It is our attempt to clarify the importance of this study through a socioeconomic study of Iran.

Subsection Two: Oil in the Economy of the Economic Power Centers

A calculation of the short, medium and long range effects of oil in the dominant economies has not been made, or, if it has, it is not accessible to the public. It is our responsibility to make this calculation.

In spite of this, one can calculate the volume of the dominant economies' net revenues, for example from 1972 to the end of 1990, in accordance with minimum suppositions. The table we have set out below is in accordance with the assumption that the dominated oil-rich countries' oil sales will conform to this table:

Table 14: Breakdown of the Oil Sales Price	20
Volume of Production, 940 Million Tons	Worth $113 Billion
Oil countries' share	15
Wages for laborers in these countries	1
Contractors working in these countries	1
Oil Company profits	28

Consuming country governments taxes	28
Payment of wages to laborers in consuming countries	18
Services	22

Since this $113 billion is in foreign currency and will exist and function entirely in the industrial economies, it will exhibit all its effects in these countries. The effects which it will incur in the oil-rich countries and the rest of the world will be a reflection and consequence of the effects it produces in the dominant economies. If we assume that the current rate is fixed, assume that the growth rate of oil production and the oil price will be 15 percent in 1972 prices, and assume that only 5 percent of the activity derived from this $113 billion will be returned to the industrial economies annually, the capital which will be accumulated within the industrial countries through oil exports at the end of 1990 will be in accordance with this table:

Table Fifteen: Volume of Capital Accumulation in the West through Oil

Year	Capital Derived from Sale of Oil of the Oil-Rich Countries	Volume of this Capital by 1990, at an Interest Rate of 5 Percent
1972	113	286
1973	120	312
1974	149.5	340.3
1975	174	380
1976	197.5	---
1977	227	408
1978	256	506
1979	300	565
1980	345	620
1981	398	681
1982	456	740
1983	525	814
1984	605	895
1985	695	978
1986	800	1,071
1987	920	1,110
1988	1,060	1,192
1989	1,122	1,240
1990	1,400	1,620
Total	9,873	13,758.3

As the table shows, the sales price of oil will be $520 billion a year on the average in the course of the 19 years or a grand total of $9,873,000,000,000. This price will place $724 billion a year on the average and a total of $13,758,000,000,000 in capital at the end of the period at the disposal of the dominant economies. The oil war is a war over this wealth--a wealth which has not been accumulated in fable or fantasy.

These figures still do not illustrate the real volume of the plunder (proof of this claim is that oil prices in this period have more than quadrupled and therefore if we form a table based on the new figures, its figures will be astronomical). However, they are an apparent indicator of the reality of the plunder. When the oil is used up there we will be standing on the depleted empty mines, our stomachs empty, while America the dominant power, and its partners, have billions of dollars in capital from the oil. What will we have? Empty wells, in addition to storehouses of arms and flimsy industries divorced from the reality of Iranian society and nature, which will need food like fabled dragons--what will we pay for this imported food with? These are the two sides of the equation of the reserves on a worldwide scale.

Part One, Chapter One: References and Sources

1. Regarding Iran, see the table on exchanges which the Ministry of Economy prepared and published in 1966.

Regarding France, refer to "Methodes de la Comptabilite Nationale," Ministere de L'Economie et des Finances, Paris, 1968, table on exchanges, 6, appendix 1B.

2. Source: Annual Statistical Bulletin of Iran, 1968-9, Chapter 21; National accounts, pp 14-15; Annual Report of the Central Bank, 1969-70, p 20; Central Bank Bulletin, April-May 1970, pp 16-17; and Central Bank report for 1971-72.

3. Ibid.

4. Annual Reports of the Central Bank, 1963-4 through 1971-2.

5. Fascicles of the budget published in the budget for 1968-9, 1969-70, 1970-1, and 1971-2.

6. Figures for this table have been quoted from the bill of the budget for 1973-4 reproduced in TEHRAN ECONOMIST, 11 March 1973. There is a slight difference from the figures in the previous table regarding oil and taxes, and, regarding loans, the table contains only the net loans--that is, it does not include that volume of loans which the government will pay this year. The government's action in drafting the budget is also a

masterpiece of prevarication because the loans which are to be paid are part of expenditures and if they were mentioned in the real situation of the budget it would be shown much more clearly.

7,8,9,10 and 11. Ibid.

12. Hear the loudspeakers of Moscow, Peking and their satellites. The sentence in the text has been quoted from the communique of the Executive Board of the Central Committee of the Tudeh Party of Iran.

13, 14 and 15. See J. Masseron, "L'Economie des Hydrocarbures," Ed. Technique, Paris, 1963, p 13. You can see that the "lofty thoughts" occurred to capitalists in the industrial countries' oil industry at the time the dominant economy demanded.

16. Ibid, pp 11-12.

17. BIP, issues 2,265 (25 January 1973) and 2,270 (1 February 1973).

18. Refer inter alia to Ahmad Akkache, "Capitaux Etrangers et Liberation Economique," Francois Maspero, February 1971, Paris.

19. Four writers have made calculations in this regard and all have come up with the same percentages. See the statistical appendix to this book.

20. Computation from Victor Perlo, an American professor, for 1972. See LE MONDE, 24 October, 17 November and 7 December 1972.

Documents

One: The Oil Manifesto

Two: Manner in Which the Oil Agreement Was Extended

Documents

Document One: The Historic Paris Manifesto: A Preview of the Articles of the /1973 Sales-Purchase/ Agreement, Response to It and Recommended Program

The Oil Manifesto

The following Manifesto of the 23 March meeting was approved unanimously on 23 March 1972 at a large meeting of Iranians in Paris, in the Tunisian House in Paris, and follows and is in total agreement with the united move of students of Iranian universities in opposition to the imposed agreement and to foreign loans (military and non-military), as the free voice of the enslaved nation of Iran, an opposition which was sealed with the blood of the martyrs of the universities. This meeting, which in itself was a manifestation of a firm will toward unity, demanded that great meetings of Iranians take place in all cities in foreign nations to ratify this manifesto at the earliest opportunity in the same spirit of unity as was shown in Paris.

A. With regard to the oil agreement: It unanimously rejects the agreement, which contains the following stipulations (at the time this manifesto was ratified no copy of the "agreement" had yet been published):

1. Tutelage by the operating oil companies, possessing full powers, freed of former commitments as a party to the agreement, as the representative of the National Oil Company, and possessing a "monopoly of administration" of the oil industry.

2. Raising the volume of production in complete conformity with the needs of the Western economy, especially America, will require a volume of growth in which the known sources of Iranian oil will be used up within 15 years.

3. Determination of prices within its previous limits, that is, the limits of the prices determined in the oppressive New York agreement.

4. Imposition of production and capital investment costs, which the Consortium previously was responsible for paying, on Iran during the period when oil exploitation will come to an end and the capital investments will be worthless.

5. Reversion, as oil revenues in the form of capital investment in the American oil industry and the purchase of arms from that country and from Britain, of sums which are greater than the trivial amounts given to Iran.

B. The meeting unanimously demands the full implementation of laws nationalizing the oil industry and approves the following program for their implementation. The meeting believes that the present regime is unable to carry out this program. A national government which arises from the people and is based on the people must and can carry out this program:

1. The expropriation law must be carried out, that is, the oil industry, with all its activities, must be placed in Iran's hands in an independent manner. To this end:

2. A serious comprehensive review must be made of planning and an approach which will reduce our requirements for hard currency revenues must be adopted. Military purchases must be stopped, foreign loans must not be taken out, and a radical change must take place in the quantity and composition of imports.

3. The oil industry on Iranian soil must grow in such a way that at the end of this decade, that is, in 1980, Iran will have no need to export crude oil to the countries of the world. In other words, the capital investments which are to be made in industrial countries and the oil industry must be carried out in Iran itself and the Iranian economy must acquire the strength to supply oil products to purchasers at a realistic price. In this regard one can benefit first from the requirements of Japan and Europe, second from Russia's resources, and third from the help and requirements of nonindustrial countries.

4. The oil industry must be assimilated into our national economy and the present relations which exist between the oil industry and the rest of the Iranian economy must be totally changed. The relationship of oil exports and comprehensive poverty must give way to oil production and social and economic growth. The center of decision making must be in Iran itself and must be devoted to the economic growth of Iran itself.

5. Nationalization of the oil industry means an appropriate output level of oil in connection with the independent Iranian economy's needs for oil as a raw material and for oil as revenues. The limitless plunder and unrestricted consumption of oil in the world must be stopped.

The determining factor in the production of oil must be the future capabilities of the growing independent economy of Iran--capabilities which will provide oil as an industrial raw material to provide people's basic needs.

6. Unemployed Iranian hands and minds must be able to go to work in the country itself, with the growth of the nation's economy (in which the oil industry will have been assimilated). Therefore:

7. Oil revenues must be spent exclusively on independent economic growth--a growth which must liberate our economy, in its course, from dependence upon the dominant centers and change ours into a society free from the inequalities of today.

8. In both the field of oil marketing and the field of Iran's overall trade, Iran must liberate itself from political dependencies and establish economic relations on a basis whereby they may facilitate exchanges of economic growth with those industrialized and industrializing countries which can harmonize with economic expectations and a society that wishes to be free. These exchanges must certainly be free of aspirations toward dominance.

9. In the monetary field, Iran must abandon the policy of currency dependence on oil revenues and the American dollar (which in reality is a policy of creating need for greater oil production and exportation of oil to America), and establish the relationship between Iran's currency and the strong currencies of the world which the national government of Dr Mosaddeq established.

It is a relationship which will not permit a handful of monopolistic importers to take three dollars from the nation's poor people for every dollar's worth of imports. It is a relationship which will not permit the country's natural wealth and products to depart from Iran's control at a very low price and become accumulated in the center of power.

10. Iran's oil's policy must be one where, using the oil weapon in conjunction with the other oil-rich countries, it will break up international economic relationships which have turned some countries into centers of growth and accumulation and the rest of the world into exploited satellites, will eliminate the current international subdivision of labor and will lay the foundation for the structure of new interrelationships based on the general free expectations of man. If we are strong and aware, oil can be used for many long years as an instrument in the service of human freedom.

After remembering Mosaddeq's speech in 1953 to today's generation ("Beloved children of the nation, look upon the destiny of your venerable home with open eyes") and His Eminence Ayatollah Khomeyni's call, in his latest message (14 March 1973), that the silence be broken ("Silence in the face of these plots and obscene acts is now tantamount to suicide and acceptance of a black death and the fall of a great nation; thus it is necessary that the silence be broken and the protest begin"), and hearing the latest news which has arrived concerning the brutal attack by the Shah's commandos on the male and female students' dormitory and the killing of more than 20 and the wounding of more than 400 students in Tabriz, the meeting, concerned over the destiny of Iran and this great nation, and as a voice of its condition, declares its firm will to continue the holy war of salvation, strongly proclaims its extreme revulsion regarding the actions of the current criminal regime and condemns its existence. The meeting believes that the direction the National Movement of Iran has taken since 6 June 1963 is a proper one and a movement toward triumph which is more inevitable with every passing day. The meeting considers itself to be on the side of the students inside the country and a partner in the struggle for the survival of the enslaved people of Iran.

Documents

Document Two: Manner in Which the Oil Agreement Was Extended

A Comparison between the Predictions Contained in the Paris Manifesto and the Articles of the Agreement Extending the Exploitation of Oil Resources which was "Ratified by Parliament" on 31 July 1973

A Comparison between the articles which had been predicted and the treasonous oil agreement, while informing the reader of the enormity of the treason committed against Iran through this act, must also help him comprehend the position of the Shah's regime vis-a-vis the movement of liberation in the Middle East and understand the reasons for the radical weakness of countries like Iran in turning oil into a weapon for freedom.

1. Management of the Oil Industry

It was predicted that:

"The tutelage of the oil operating companies, that is the Consortium," as "representative of the National Oil Company," would be established through "monopoly management of the oil industry" in all phases of production, exportation and market supply. Here are the articles of the treasonous oil agreement which, according to the regime's spokesmen, recognizes that "the independent administration of the oil industry" is Iran's responsibility:

A. Regarding the administration of operations, Article 17 stipulates the following:

"A. The members of the Consortium shall cause a Service Company to be formed in Iran as a non-profit private joint stock company to carry out operations assigned to it by the National Iranian Oil Company in accordance with a Service Contract to be entered into with the National Iranian Oil Company. The Service Contract shall have an initial term of five years. It shall continue in effect thereafter subject to termination by either party on two years' prior written notice."

These "services" are the monopoly of management in all fields--that is, of determining the volume of production, capital investment and price. The Consortium will even specify the types of production and the volume of oil which must be refined.

2. Volume of Production

According to the prediction:

"Raising the volume of production will be in full conformity with the requirements of the Western economy, especially America. This volume of increase will result in the exhaustion of Iran's known oil reserves within the next 15 years."

This prediction has three parts. The first part concerns the volume of production and the authority which will determine that (Articles 2, 3, 4 and 16 concern this). Article 2 stipulates that the National Oil Company must place the volume of crude oil which the oil companies want at their disposal and Article 16 explicitly states:

"Article 16.A. (1) During November of each year the Consortium Members shall submit to the National Iranian Oil Company their offtake requirements of each grade of crude oil for the next year but one, and their estimated offtake requirements of each grade of crude oil for each of the four subsequent years."

In order for it to become clear that the National Oil Company must carry out the Consortium's work program, Paragraphs 2 through 8 of this section totally tie the National Oil Company's hands and feet; the exact following is stated in Paragraphs 6 and 8 of that article:

"(6) During April or May of the following year the National Iranian Oil Company and the Consortium Members shall meet to review the provisional Exploration and Capacity Development Programmes prepared by the National Iranian Oil Company in accordance with paragraph (3) above; after taking into consideration the views of the Consortium Members the National Iranian Oil Company shall establish the basis of the detailed Exploration and Capacity Development Programme and Capital and Operating Budgets for the next following year in accordance with good oilfield practice and sound engineering principles."

"(8) B. The Capacity Development Programmes developed in accordance with the provisions of this Article shall provide for achieving a total installed crude oil production capacity of 8 million barrels per day by 1st October 1976, provided that that is technically feasible and economically justifiable."

The second part concerns making the volume of production conform to the needs of the Western economy, in particular America. The outbreak of war and the Arab countries' decision to reduce their volume of production leaves no doubt about the validity of the prediction. Nonetheless the statements by Ardeshir Zahedi, the Shah's ambassador to America, to the effect that "regarding oil, we have given America concessions with respect to oil because the Americans gave us aid in 1952," will be informative to the reader and, for his further information, we quote a translation of this portion of the editorial in LE MONDE of 19 October, which views only the volume of crude oil exported to the West: "At the present time there is no likelihood of an oil shortage because there are other sources of oil supply, especially Iran." It is sufficient for the reader to form a picture of how important a common, united front of oil countries will be in the light of today's situation and resources and in terms of decisively changing existing relations between the oil-rich countries and the West, for him to be able to comprehend the extent of the losses the regime is inflicting on the interests of the oil states.

The third part concerns the exhaustion of the country's oil reserves at the end of the period of the agreement. On this subject, the schedule which Fallah, the agreement's organising agent, has published is explicit. According to this schedule, reproduced in KEYHAN (airmail) 1 July 1973, the curve of Iran's oil output will rise to 1985 then decline.

3. Costs and Capital Investments

In the prediction, it was stated:

"Acquiring the production and capital investment costs which was previously the Consortium's responsibility, will be Iran's responsibility during this period, which is the period of the exhaustion of oil production; once the oil reserves are exhausted, the capital investments will be of no benefit."

Articles 8 through 11 concern these costs. In these articles, and Articles 16 and 17, the costs and capital investments are assigned to Iran but the power to determine the volume and manage expenditures lies with the Consortium.

According to Article 8, calculation of depreciation costs and the costs of transporting oil to transfer points must be carried out in accordance with the previous regulations. In addition to these costs:

"Article 11.A. The National Iranian Oil Company shall provide all capital and other funds required for the purpose of all operations provided for in this Agreement."

Article 17, Section B says that the Consortium will disburse this capital and other funds (one must bear in mind that Article 16.A (6) has made determination of the size of the capital and operating budgets a prerogative of the views of the Consortium members):

"Article 17.B. The National Iranian Oil Company shall provide as necessary to the Service Company in accordance with the provisions of the Service Contract all capital and other funds to enable the Service Company to carry out the operations assigned to it." In this agreement, the Consortium will deal with Iran as if it were a dimwitted minor. It says "We are administering the oil industry as we please, you provide the capital and costs in the quantities we state, and we will spend them in the manner we consider to be in our interest, we will produce at the volume we consider necessary, and we will sell it at the price we want!" (In February 1976, before giving the Consortium a discount, the Shah declared that it had been stipulated that the Consortium would provide half the production capital investment but that it did not! According to what stipulation? Why, instead of informing the people of this stipulation, was it falsely alleged that "power over the oil industry is completely in Iran's hands?")

4. On Determining Price and Profit Volume

The prediction says,

"Prices will be set within the former limits, that is, the limits of the prices set in the tyrannical New York Agreement."

A. On the volume of Iran's revenues. The volume of Iran's revenues, which, according to the Consortium Agreement, was not to have been less than that of the other oil states, will not be less in the recent agreement "than the countries of the Persian Gulf area," that is, the emirates which have agreements with the oil companies (the term "which have agreements with the oil companies" means that if a country nationalizes its oil, the Consortium is not compelled to give Iran revenues equivalent to the revenues those countries receive):

"Article 6.A. The price payable to the National Iranian Oil Company by each Trading Company for the crude oil sold and delivered to it either on board ship or at Abadan Refinery in any year shall be the sum of the following elements:

"(1) Operating costs attributable to such crude oil calculated in accordance with Article 8;

"(2) The Stated Payment;

"(3) A balancing margin calculated in accordance with the provisions of Part Two of Schedule 3 hereto, the level of which, when taken together with all other financial and fiscal benefits accruing to Iran and the National Iranian Oil Company, will be such as to assure Iran that the total financial benefits and advantages to Iran and National Iranian Oil Company under this Agreement shall be no less favorable than those applicable (at present or in the future) to other countries in the Persian Gulf under the General Agreement and related arrangements.

B. Regarding price.

The oil price consists of two parts. One is the purchase price of the oil in Iran and the other is its sales price. The monopoly on purchases from Iran and the sale of oil on the world markets lies with the Consortium. Regarding the purchase price in Iran, Article 1 of the agreement ties Iran's hands and feet as follows, considering that the price is to be set in accordance with the Tehran, Geneva and New York Agreements:

"Article 1. [2.] In the case of crude oil delivered to refinery the price of crude oil of equivalent quality and gravity offered for sale as above FOB tankship at refinery port less an agreed transfer charge and each posted price shall be in conformity with the Tehran Agreement and the Geneva Agreement (as amended on 1st June 1973) so long as the said Agreements are in force or with any other relevant future agreements."

The companies will have full freedom of action with regard to the sales price, in accordance with Article 20 of the agreement:

"Article 20. The Consortium Members, the Trading Companies and the affiliates of any of them and their respective customers shall each have complete freedom to dispose of crude oil purchased hereunder and products manufactured therefrom, for export and consumption outside Iran, to such persons and at such prices as they may individually determine and to determine by what means and on what terms and conditions (including those relating to insurance) the same are carried away from Iran."

In order that no action be omitted in service to America, the Iranian government in Article 22, is deprived of the right to choose the currency it is to receive in exchange for oil: it is stipulated that the price is to be paid in American dollars. A glance at the monetary situation of the world today and America's extreme balance of payments deficit, and the political and economic importance of our choice of currency received for the oil, will clarify the importance of the service which has been rendered to America:

"Article 22.A. All payments from the Trading Companies to Iran and the National Iranian Oil Company, including advances against the purchase price of crude oil, shall be made in U.S. dollars."

Finally, in Article 31, the Consortium accounts are settled without any investigation into its 20 years of operations and account manipulations:

"Article 31. [B.] Iran and the National Iranian Oil Company on the one hand and the Consortium Members and the Trading Companies on the other agree that this Agreement constitutes a fair, appropriate and final settlement of all claims, demands and issues of any nature whatsoever outstanding between them as at the Date of Enactment."

Thus the new agreement, which in reality is a group of commitments and undertakings which Iran has assumed vis-a-vis the Consortium, is more detrimental to the country, more confining for the country and more profitable for America than the Consortium Agreement.

In agreements of this kind, where one party is strong and possesses a monopoly and the other party is captive and dominated, the style is fragmented and ambiguously written, so that understanding the true extent of the imposed terms is difficult and the articles of the agreement may be interpreted any way the interests of the oil companies so require. In spite of this, an effort has been made to diagnose the basic articles of the agreement by category and organize them in the simplest form possible, so that the reader may become clearly informed of the enormity of the treason committed against the country through the imposition of the agreement, may come to see how the oil weapon, which must be used in the service of the country's total economic and political independence and growth, has, through this agreement, been surrendered to the dominant party in order to be used against us, and may become aware why oil-rich countries cannot use the oil weapon against the dominant party.

Once again, 2 months after signing this treasonous agreement, "His Imperial Majesty the Shahanshah" gained "a historic victory" and led the oil-rich countries of the Persian Gulf to victory as if it was not him who had imposed this agreement on the country! Meanwhile, Libya, Algeria, Venezuela and Canada doubled the oil price in two stages and increased oil prices by 17 percent despite a drop of more than 30 percent in the value of the dollar. Did the Gulf area countries resolve that the supply and demand market should determine the changes in the price of oil for the sake of the future, also? To the contrary the oil states of the area were deprived of determining the price. To lay bare the extent of the deleterious effect of this decision would require detailed explanations which are beyond the scope of this article; suffice it to point out that the oil companies purchase the oil and--in the words of Section Three, Article Two of the Consortium agreement oil comes into the possession of the Consortium at the wellhead, that is, it possesses the monopoly of purchase. However, the companies do not just have a purchasing monopoly--they also have a sales monopoly. That is, they themselves sell oil to the consumer with total freedom to set the sales price. This dual monopoly gives them the ability to set the sales and purchase prices at any level they want. There is no market outside these companies which can play a role in determining price. Assigning price determination to the supply and demand market means assigning determination of the oil price to the companies and the Western countries. The reader living abroad knows how much cheaper the various kinds of fruit and other agricultural products imported from the "backward countries" to the West are than the products manufactured in the West itself--the ratio of the sales to purchase price of both is 1 to 15, while the government has unlimited control over the market for these products and the situation is different from that of the monopoly oil market. Under present conditions, because of the relationships which the existing oil agreements have established and the comprehensive impotence of the oil countries in the supply and demand market, they are not present to be able to affect the setting of price. In the light of the importance of oil in productive activities the companies and the Western governments, as in the past, can keep the oil price down artificially. Under these conditions, the conduct of such countries as Algeria and Libya is of course more to the advantage of the oil-rich states in independently determining prices, but....

But the issue of price is no more than a fable. Oil is not a commodity like candy--it is a commodity which is used in all productive sectors. Its importance is due to the fact that it participates in the total complex of economic activities. The sphere of action which oil provides for intellectual and manual labor is very broad. One cannot just evaluate oil's effects in increasing the productive output of the Western economies by stating that what the Westerners get through oil is at least 15 times the price of the crude oil--rather, a correct evaluation will determine the volume of the capital accumulation in the West as a consequence of the exportation of oil to the West and calculate the effects of that.

Thus even increasing the oil price three times over will not bring the dominated countries anything, because we are spending the oil revenues on purchases from the West and are automatically increasing our need for imports by increasing our buying power. What must be done is to change the flow of oil from the West to our own economies.

Today more than before, and tomorrow more than today, the importance of the Paris Manifesto becomes more fully established. In order for oil to become a weapon in the service of our liberation, the program stated in this manifesto must be carried out.

Chapter Two: The Role of Oil in the Industrial Economies

The proper method of calculating the price of oil is to estimate the status and importance of oil in transforming the West into the center for the accumulation and geometric growth of wealth and capital in terms of the world and time, and the growth of production and exploitation and the expansion of the scope of labor and thought in the industrial countries. It is in this sphere--and especially in this sphere--that no serious work has been done. Not even the importance of oil in the economic growth of the industrial economies has been calculated.

In passing, it has been pointed out that "the oil era is one of the six eras in human history," that is, that human history has witnessed six energy revolutions, the sixth and so far most important of which has been the "oil revolution."[1] As everyone knows, almost all expansion in economic fields, even services, has been and is based on oil. However, this general ambiguous information has rarely been expressed, diagnosed and conveyed in the language of figures. The relationships between oil and the related economies have never been clarified. Perforce, in accordance with the existing information, in the hope that gathering that together in this study will make a more extensive and comprehensive study possible, we are taking the first stride in this field.

Section One: Growth of the Industrial Economies in the Language of Figures

Subsection One: Growth Periods of the Industrial Economies

Between 1870 and 1970, that is, over a century, the industrial economies experienced two eras of growth. One was the period of sluggish growth and the other was the period of rapid, accelerated growth. The reason for this growth, like that of the growth of the ancient empires, was these countries' transformation into a center of accumulation. Technical abilities, relative security, a skilled workforce, the overall natural resources of the earth, and the output of manual labor of billions of people on the earth, gave these economies a growth power in the course of several generations which was unprecedented in the history of mankind. However, the increase in the growth rate, in addition to the necessary changes in the structure of the economy and the increase in the volume of capital formation, requires materials which can be used in diverse forms everywhere in the world and the likelihood of whose depletion will not be at issue for a number of decades. Among these materials is the miraculous one which, through its appearance, has created a new era in human existence. This material is oil.

To show the role of oil in the growth of the industrial economies, we have drawn up the following table, which shows the rate of growth of the gross product of industrial countries in various periods of the past century:[2]

Table One: Rate of Growth of Gross National Product (Percent)

Country	1880-1913	1913-1950	1950-1970	1973
Belgium	2.7	1	4.7	5.7
France	1.6	0.7	5.1	6.1
West Germany	2.9	1.2	6.3	5.3
Italy	1.4	1.3	5.5	5.4
The Netherlands	2.2	2.1	4.9	4.7
Sweden	3	2.2	4	1.7
Britain	2.2	1.7	2.7	5.4
America	4.3	2.9	3.7	5.9

A comparison of the three periods shows that:

In the second period the economic growth of all industrial countries declined in comparison with the first. In fact, it was in the second period, that is, in the years 1913-50, that two world wars took place; these two wars, together with revolutions and social conflicts, absorbed the productive power of these countries and brains and capital perforce flowed to a secure location, namely America. Production in these countries dropped and temporarily increased in the dominated countries in compensation. In spite of this, the wars conferred a transformation on the productive systems of the industrial countries through the trend toward oil exploitation and the unlimited exploitation of oil and gas. Thus:

In the third period, the industrial economies experienced exceptional growth. This period shows a growth two to four times greater than the growth in the first period, and a growth four to six times greater than the growth in the second period.

During this period the Western economies turned into industrial economies of accelerating growth by benefiting from oil, gas and their products and by using oil's capacity to be transformed into energy in all places in different kinds of machines, big and small. Through this structural change, the economies' growth rate increased at the speed of the growth rate of energy. A comparison of the countries whose economic structure is still not industrial with those which possess an industrial structure will show that the coefficient of drawing power of gross national product in terms of energy in countries with an agricultural structure is below that of industrial countries. Put plainly, in countries of the first category the speed of growth of production relative to the speed of energy growth is 31 to 70 percent--that is, energy grows three times faster than production (because the growth of energy in these countries is subordinate to the imports of products which cannot be used without the use of energy)--whereas in industrial countries, for example Germany, Belgium and so forth, gross national product grows one to two times faster than energy.[3] The great influence of oil in the growth of the industrial economies is not just one of accelerating their economic growth and changing the ratio of the growth of production to energy growth--it also causes an increase in possibilities for capital and capacity accumulation, changes the centers of capital and capacity accumulation, and, as a result, changes relationships among industrial countries and relationships between these countries and the rest of the world and changes in the orientation of capital investment toward the production of unnecessary products harmful to the present and future of nature and man as well. We will explain these points:

Subsection Two: Increase in Possibilities for Capital Accumulation, Capacities and Changes in Relations Among the World's Countries

In Table One, we saw that America had the highest growth rate during the first period, but that even though its growth rate declined relative to that in the first period in the second period it still increased, in comparison with that of other industrial countries, from less than double to close to triple these countries' growth rate. In the third period, its growth rate was lower than that of the other capitalist industrial countries except for Britain. In spite of that, America, in that third period, took Europe's place and became the basic center for the accumulation of capital and capacity. How so?

First, one must realize that "national economy" is no longer a word with any meaning because the industrial countries' capital, especially American capital, is used in all the continents of the world and then in the most profitable, advanced and promising fields, and because the quantity and quality of this capital increases every year. As a result, an increasing portion of every nation's gross national product belongs to America. Thus one must correct the above table to show that the rate of growth of the American economy will consist of two parts, like the economy itself, one part working in America itself and one part in the economies of Europe, Asia, Africa and, in particular, Latin America. For this reason and others (especially the determining role of oil), in spite of the fact that America's rate of economic growth will be below that of all other places, as follows, in the next 20 years, the lion's share will still go to America and that country's output in 1990 will be as great as that of the Common Market, Eastern Europe and Russia combined:

Table Two: Average Annual Growth Rate of Gross National Product in the World's Countries, 1967-1990

Nation	Growth Rate, Percent
Middle East	7.20
Japan	6.70
Africa	5.95
Asia except Communist Countries and Japan	5.90
Communist Countries of Asia	5.65
Eastern Europe including Russia	5.50
Central and Latin America	5.15
Oceania	4.30
Europe (Common Market)	4.25
Non-member Western European Countries	4.25
North America	3.95
Average annual growth	4.75

In spite of the above, the distribution of gross national product in the world will develop to the detriment of the rest of the world and the benefit of America (of course by their own calculation).[4]

Table Three: Evolution of Gross National Product in the Countries of the World

Nation	Gross National Product in 1967 (Billions of Dollars	Gross National Product in 1990 (Billions of Dollars)
North America	1,315	2,078
Eastern Europe, including Russia	786	1,107
Europe (Common Market)	568	911
Western Europe Except Common Market Member Countries	388	628
Japan	388	504
Non-Communist Asian Countries, Except Japan	296	407
Central and Latin American Countries	238	347
Asian Communist Countries	177	247
Africa	150	204
Middle East	132	166
Oceania	55	88
Grand Total	4,393	6,687

Thus, although the growth rate of North America's economy is lower than that of all the others, its output as a percentage of the world total will rise from 27.7 percent to 30.2 percent. (Again, this calculation was made before the increase in oil prices.) In 1990 a significant portion of the capital of other countries in the world will also belong to America.

The activities of American capital outside of North America (United States and Canada) of course are partially the cause of the fact that the increase in American output is greater than that of the rest of the world, despite the lower growth rate. However, if we classify the factors for the change in the focus of accumulation on the worldwide scale from Europe to America, these will fall into two categories. One is the structure of the American economy and its dimensions, power and relative self-sufficiency, which prepare the ground for the increase in volume of capital in the American economy itself and the subordinate economies, and create possibilities for directing this capital to advanced, promising fields where the return on capital is not only higher now but will also go higher in the future. The second category of factors are the financial capital, capital in human capabilities and raw materials existing in the world which America employes in these fields. The simple, brief explanation, which the Europeans state, is that it is the money and the human capacities of Europe which have created America,[5] and they are correct although just as taxes ultimately come out of the pockets of the toiling people, Europe's money also in reality was booty which Europe took from the rest of the world. During the 40 years in which Europeans were engaged in tearing each other apart, and required other continents even for their basic requirements, the Americans were attracting and drawing the capital of Europe and the fugitive capacities of that and other continents and still had no need for the rest of the world for any basic product. Following World War Two, America increased its productive capacity in an unprecedented manner, whereas Europe had destroyed its productive capacity. America had a capital surplus and Europe had a capital shortage. America had surplus foodstuffs and Europe had a shortage of foodstuffs. Most important of all, America had young, highly efficient manpower at its disposal, while Europe had lost its young manpower in the wars. For this reason America, without fearing a European reaction, because it had a great surplus of output in fields which produced the basic requirements of the American people, put capital into military industries and branches which both had promise and permitted America to conquer the world from the economic standpoint as well by relying on unrivalled military force. The industries which held promise were either oil based industries or that category of industries which consumed oil in their production. This structural change was not created through Europe's design. Europe was not able to build tanks, artillery or oil-consuming equipment for war-ravaged people instead of providing bread, homes and so forth. America, relying on its favorable status, and using the free oil of the dominated countries, not only changed its production structure, to which center the sources of the world's wealth were attracted and drawn--it also placed the oil industries, and industries which needed oil, under its control in Europe and other areas of the world. The following table reflects that reality:

Table Four: Production and Consumption in Industrial Countries (in 1970)[6]

Population, Production, and Consumption of Certain Products	Group of Western European Countries	America	Russia	Japan
Population (millions)	257	205	244	104
Gross National Product (billions of dollars)	637.4	933.3	288	200
Energy output (millions of BTU's /sic/)	520	2,151	1,386	71
Energy consumption (millions of BTU's /sic/)	1,236	2,251	--	380
Automobile production (millions)	9.6	6.6	0.35	3.2
Automobiles used (per thousand liters of gasoline)	218	432	7	85

The meaning of this table does not become apparent unless we round out the data in it with data from another table. The following table is on America's share of production in the most important sectors of the world economy:

Table Five: Share of World Production (percent)[7]

Sector	America	European Federation	Rest of World
Machine Manufacture	70	13	17
Automobiles	76	13	11
Oil	73	14	13
Electronics	68	15	17
Chemicals	62	21	17

According to Table Four, the energy consumed in Europe is half that consumed in America although Western Europe's output is more than two-thirds that of America. America, whose total production comes to one-third that of the rest of the world, by itself produces 73 percent of the oil in the world. From 62 to 70 percent of the industrial fields whose output consumes energy is in America's hands--that is, even in industrial Europe and the rest of the world the consumption of basic energy is a result of the products of fields under the control of the Americans.

The American government, through its credit policy, directs private capital inside and outside America into the oil and energy fields and the abovementioned industries. For example, it lends out 65 percent of the capital for the electric and electronic industries and 20 percent of the capital for the automobile industries, while in France 34.4 percent of the capital is given in credit to the electric and electronic industries and only 0.5 percent in credit to the automobile industries. The American government pays 90 percent of research costs in the aircraft field, 65 percent in electricity and electronics, 42 percent in industrial equipment, 31 percent in machinery, 28 percent in the metal industries and 20 percent in chemicals. As a result, American capital has also acquired control over the oil, machinery, automobile, aircraft, electronic, petrochemical and mineral extraction industries in most areas of the world. The America which had no need for primary materials beyond its own territory today needs both oil and other raw materials of the world and holds control over their production.

The Americans make up 6 percent of the world's population but consume 30 percent of its bauxite production, 40 percent of its nickel, 13 percent of its manganese, 36 percent of its chrome, 25 percent of its tungsten and copper, 41 percent of its tin, 23 percent of its zinc, 14 percent of its iron and lead and 28 percent of its potash. Not only have the Americans created an unlimited field for the activity of their capital and for attracting the capital of others through the shift in the structure of their economy--they have also, through their exports, compelled the economic structures of Europe and other areas to change in the direction they like. In fact America's exports are basically either oil products or receive the energy they consume from oil.

Table Seven /sic/: Portion of American Products which Are Exported (1964)

Product	Volume of Product Exported, Percent
Cotton	26
Molybdenum	42
Anthracite	15
Synthetic rubber	19
Fertilizer	16
Turbines, etc.	23
Agricultural products	15
Building materials	25
Oil industry equipment	23
Machine tools	24
Calculators	18
Sewing machines	36
Airplane engines	18

The products of war, which are without limit or bounds, the motorized American army (possessing an annual budget of 8 to 10 percent of that country's gross product), and the weapons which are delivered to the rest of the world all use oil; war industries, in particular, become more dependent on oil as time passes.

The return on American capital has increased and yet greater profits have been obtained from oil industry fields as a result of these structural changes. The Americans have put the bulk of their capital investments into the oil area, in Europe and the oil-rich countries. However, the rate of return on capital put to use in the oil countries is two to two and a half times greater (and after the rise in oil prices and the enormous company profits will be four times and more greater) than the return on capital in oil industries in industrial countries. Thus the return on American capital relative to European capital is still increasing more rapidly to America's benefit.

Table Eight: Shift in Return on Capital (percent)

	1961	1965	1972
Western Europe	3.42	3.01	--
America	6.05	7.09	--

In brief, America, because of the factors we have listed, has changed the structure of its production in such a way, focussing on energy (principally oil), that it has thus managed to obtain constantly growing power over the world's economy and draw and attract the world's human capabilities and natural resources. By being transformed into the center of world accumulation, through changes in the relations between America and Europe (the colony which Pitt, the British Prime Minister, said would turn its land into a feeding bag for horses if it manufactured one horseshoe, has become the master of Europe and a significant portion of the world, by virtue of the law of the growth of capitalism), and as a result in the relations between America and the enslaved world, America has caused capitalism, by reliance on abundant, free, easily-consumed energy, to be able to direct capital into fields whose products are not only not useful for mankind at present but are also very deleterious.

Subsection Three: Production of Nonessential Products Harmful to Man and Nature in the Present and Future

"Output destroys resources more than it creates them. Means of rapid transport cause time to be wasted more than they result in saving time. Medicine creates illness more than it remedies illnesses. Monstrous machinery, instead of working for man, makes him obedient and subservient to it. It is not only in Vietnam that simple instruments, thanks to human labor, are much more effective than America's monstrous airplanes and computers. Ultimately, this industrial production will lead human labor to calamity. This economic growth is increasing poverty. New industrial construction creates new poverty and intensifies it. The source of loss and the factor of injustice in our era are the monstrous implements which by their nature give a small minority the ability to derive maximum profit from the multitudinous backs of the people of the universe.

"In both the socialist and capitalist countries, technology has consumed man and estranged him from himself. All man's misfortunes stem from the fact that he has created his needs many times over and has given them free rein, whereas they should have been held in check. Rather than going in pursuit of a nonexistent prosperity, which perhaps never will exist, and making himself the plaything of the need to produce manna from heaven, he should have pursued the procurement of the minimum essentials of life. Similarly, in a few societies which are still living in poverty--societies which have still not yet attained technology and who have not been corrupted by money--the people are happy because truly human values such as veneration, brotherly respect and courage still exist and they are blessed with a magnificent life. As long as we continue to create new needs, we will be adding several times over to the number of deprivations."[8]

"Europe has brought on such an insane and unfettered era that today no means of control or person is capable of controlling it. Europe is going toward the abyss with terrifying dizziness. It would be best to seek one's distance from it as soon as possible."[9]

Finally:

"If all the inhabitants of the planet want to attain the standard of living of the Americans, we will have to produce 20 billion tons of iron, 300 million tons of copper, 300 million tons of lead and 200 million tons of zinc, or 100 times today's output. The world's resources are not infinite."[1]

The president of America knows what he is doing. It is impossible for the inhabitants of the planet to attain America's current standard of living. However, approximately 60 percent of the Americans' output goes for nothing except the belittlement and alienation of man. Oil and the capital which it creates are used in fields whose output will exhaust the natural resources existing in nature and oil itself within one generation's span and at the same time will add to the volume of man's comprehensive poverty. Three American economists calculated the unnecessary and harmful proportion of America's gross product in 1972:

Table Eight /sic/: Useless and Harmful American Production

Unnecessary and Harmful Products	Volume, Billions of Dollars
Automobile production	90
Military weaponry	78
Advertising	18
Construction and annual highway repair costs	64
Administrative costs	60
Net industrial capital investment and half of family consumption (that is, that portion of costs which are luxurious and useless in nature)	230
Total	544

It is up to the reader to ponder the moral in this table and to see how oil is used and how these materials, capacities and the power of labor is being spent on consumer products at the cost of the poverty and misery of the people of the oil-rich countries and countries which produce raw materials: $544 billion out of the gross national product of $1 trillion of this small minority of the world's people is lost to the present and future of all mankind--even to the minority which must consume these products. However, capital needs profit, and the capital, the useful and harmful, the necessary and unnecessary, and man and his present and future are not relevant. Capital must grow and add to itself. Thus, although the president has also understood that the world's resources are not infinite, the production of unnecessary and harmful products based on a foundation of free oil still goes on.

A famine is threatening the world. Mr Johnson, an American senator /sic/, predicting that 50 million of the world's inhabitants will die of hunger next year, casts the blame for this on the high price of oil, claiming that since fertilizer now is very expensive as a result of the current prices of oil the poor farmers of the world will not be able to undertake to use it, production will decline and people will die of hunger. How surprising it is that the degree of stupidity of the people in America should reach the point where no one asks this senator what obligated the American government to put its credits in choosing fields whose output is useless and harmful, to the extent 60 percent of America's national product? If instead of giving farmers big cash rewards for not producing, the government gave them credits, and, instead of using credits for producing unnecessary goods the people spent them on producing agricultural products and products and services throughout the world to meet the basic needs of man, wouldn't the world become a place of good fortune and material prosperity?

However, the Americans are not just corrupting themselves--they are also giving the world's inhabitants no choice but to orient their output in the direction the Americans want.

Table Nine: To Universalize the American Way of Life

Consumer Goods	American Consumption in 1969		World Consumption in 1969	
	Total (1)	Per Capita (2)	Total (3)	Per Capita (4)
Energy	2.4 MTEC	10.6 TEC	6.5 MTEC	1.9 TEC
Electricity	1,552 TWH	7,670 KWH	4,568 TWH	1,028 KWH
Newsprint	8.9 MT	43 kg	60.6 MT	5.8 kg
Steel	139 MT	682 kg	572 MT	160 kg
Rubber	2.7 MT	13.1 kg	6.5 MT	2.7 kg
Automobiles	87 million	0.43	181 million	0.05
Telephones	115 million	0.57	256 million	0.07

(Table Nine cont'd)

Consumer Goods	Necessary Production to Reach American Production Level $(2) \times 10^9 = (5)$	Coefficient of Acceleration (times production must increase) $\frac{5}{3} = 6$
Energy	106 MTEC	16.4
Electricity	76,600 KWH	16.8
Newsprint	430 MT	21
Steel	6,000 MT	12
Rubber	130 MT	20
Automobiles	4.3 billion	24
Telephones	5.66 billion	22

Again, it is up to the reader to ponder the lesson of the figures in the table awhile and see that while America's production is not even one-third that of the world, America's per capita consumption of electricity and energy is six times, and its annual automobile consumption 8 times, that of the world. The danger lies in the fact that the people of the world are traveling America's road not in the basic forms of consumption but in the excessive, futile and harmful ones. One look at the evolution of consumption in Iran, Saudi Arabia and so forth will suffice to make one realize the importance and immediacy of the danger. Thus oil in the hands of capitalism has become a factor which is drawing the world toward collapse in order that capitalism may draw a profit and grow by driving capital into these fields. By orienting capital toward the fields from which only a trivial minority can benefit, at the price of corrupting itself and the people of the world, capitalism is drawing the people of the world into growing poverty. Where was it possible in 1969 to increase automobile production 24 times over so that one out of every two people in the world could have a car? Where is it possible to increase overall production 100 times over, in the words of the president, so that the people of the world can lead an American lifestyle--or, assuming it were possible, why should they?

The people who manage the capitalist world themselves, like the president, are aware that they are rapidly bringing the world toward an abyss; they know that, leaving the American lifestyle to the side, all the people of the world, in spite of the existing system of production and consumption, cannot enjoy the necessary minimum, nor do they want to. The road by which the Americans have sought to remedy the problems of man, which arise from plunder by the system he has adopted, is to prevent population growth (the Shah's regime is also implementing this policy) and to reduce the world's population through actual arms and the more dreadful arms of hunger[13] (the policy which was pursued when the white man established himself in America). Therefore, agricultural output is declining in countries under American dominance. An oil state like Saudi Arabia, which was the homeland of dates, today imports dates! A country like Iran, which nationalized oil by relying on its agricultural output and whose crop surplus and exports were greater than its imports, today imports wheat, meat and so on. The danger threatening the world and the lengthy crisis which is being talked about is the crisis of depriving man of his essential needs. In Africa, drought is sending hundreds and hundreds of thousands to oblivion (while preparing 700 million hectares of land in Africa for farming will need capital investment of $2.5 billion).[14] In Asia and Latin America, people are abandoning their lives to hunger under the shadow of bayonets, and Senator Jackson, candidate for the American presidency, promises that 50 million people will die of hunger next year. Capitalism, drunk and selfish, wants to burn the world with the torch of oil. Mankind, return to your senses and rise up and resist before it is too late!

Section Two. Different Types of Oil Companies in the Activities of the Industrial Economies

In the illuminating light which Section One of this investigation has imparted to oil's place and role in economic activities, one may now ascertain the limits of oil companies in the activities of the industrial economies. To this end let us first cite the characteristics of oil which we deduced in the previous discussions:

Oil is a commodity which assumes different forms as energy: it can be used in both motorcycles and large electric power plants.

Oil is a commodity which has many byproducts and acquires a more important role as a raw material in industry with each passing day. Not only do oil products confer many capabilities on the industrial sector, and bring about the growth of production and exploitation and expansion of the scope of manual and intellectual labor, two other sectors of the economy--agriculture and services--are also acquiring greater and greater need for oil in order to expand, as time passes. In other words, not only does oil place unlimited possibilities at the hands of industrial economies in the form of energy--it also increases these economies' scope to expand as much as they want. In these two capacities, it is a motive power without rival to the industrial economies; on this account, and because it generates capital, the present era is called the era of oil (see Table One).

Oil is a commodity which is converted into capital in a minimum of time (in this sense it is totally unparalleled and unrivalled). We can clarify the point with an example: In agriculture, it takes 1 year for the capital used to grow wheat, for example, to emerge in the form of the crop in the event, of course, pests and other dangers do not destroy the crop), be sold in the market and be converted to money. For a sick person to be treated, a doctor, medicines, hospital, medical equipment, nurses and so on must be provided and a doctor must spend a period of several years in studying and acquiring experience to be able to practice medicine. Even in industrial fields, in order for a product to be produced and enter the market, a more or less lengthy period is necessary. However, oil is ready to be consumed and so to speak "turn into money" in a minimum of time. Oil has one other characteristic: not only does it not need much capital to be produced, and not only is the yield on capital in oil high--it also raises the yield on capital in other fields and causes the volume of capital formation to increase.

Oil is imported into industrial economies from abroad and is transformed into capital in these economies. Therefore, not only does the West give up nothing to acquire it, indeed, it also assumes ownership of all the capital derived from the oil and puts that to use in its own economy.

Finally, by exploiting oil, the West is not only not giving up capital and transforming oil into capital; it also does not make the capital investments to produce energy which it would have had to make did oil not exist.

The complex of these characteristics which oil possesses, through the one-sided flow of sources of wealth and capabilities to industrial economies, also transforms these economies into centers of capital and capacity accumulation and causes the diversion of capital to fields whose products nevertheless do not conform to the basic needs of man but in which capital has scope for enlarged activity and a great return. The root of the economic crises and the growth of poverty, deprivation and the dehumanization of man lies precisely in this overall diversion of economic activities. Oil, as energy, as a raw material, and as direct and indirect capital, accelerates the progress of economies along the direction they have taken.

Here we will attempt to evaluate the scope of direct and indirect oil companies in the "economic growth" of industrial countries.

Subsection One: Oil Companies as Energy for the Growth of Industrial Economies

As Table One has shown, with the absolute ascendancy of oil as energy, the growth rate of the industrial economies doubled and tripled between 1951 (the year of the nationalization of the oil industry) and 1970. Now we want to evaluate oil's direct and indirect share as energy in the gross national product of industrial countries. In this regard, the figures available are as follows:

The energy sector accounts for 10 to 15 percent of the gross national product of the industrial countries, and 55 to 60 percent of energy is derived from oil. Therefore, apart from the crude oil byproducts which are used as raw materials after refining, oil, as energy, accounts for 7 to 8 percent of the gross national product of the industrial countries--that is, if we assume that energy's average share of the gross national product of the industrial countries is 12 percent, and if we accept the fact that the share of the energy derived from oil is 7 percent of this product, the equivalent of $144 billion in energy was obtained in the economies of Western Europe, America, Russia and Japan.

However, the nature of energy is such that production becomes impossible without it and, even if it is possible to create production through forms of energy other than that derived from oil, the consumption of a significant portion of the products produced will not be possible. That is to say, energy plays a part in both production and consumption. In Section One of the investigation, we saw the rapid rate at which, with the emergence of oil energy, growth occurred in the industrial economies, and we realized how energy accelerates production. Now let us mention energy's share of the production of a dollar's worth of goods and explain the significance of that:

The meaning of the fact that the energy sector accounts for 10 to 15 percent of gross product is that 10 to 15 cents of every dollar of production is energy. This energy, on the average, comprises 1.66 kilowatt hours of electricity which have a value of 2.6 cents at current prices. In the American economy, every dollar's worth of production requires 2.45 kilograms of coal or 3.77 liters of oil priced at 10.5 to 11 cents. In order to be able to produce a dollar's worth of goods, 1.64 kilowatt hours of electricity are required in addition to energy of different types. This electricity costs 2.5 cents; that is, 2.5 percent of every dollar's worth of goods produced is electricity, which means that production is 40 times the value of the electricity and depends on the existence of electricity. This is to say that if an economy cannot produce the electricity needed for the production of a dollar's worth of additional goods, this dollar of production will not occur. For example, if we assume that America's gross national product in 1972 was $1 trillion, America had to and did produce 335,000 megawatts of electricity in that year. Had this economy produced 1,000 fewer megawatts of electricity, America's production would have been $300 million less. Thus when oil is transformed into electricity it creates the ability to produce 40 times its own value in products. This is the true contribution of oil to the growth of industrial economies. However, since oil can be consumed as energy in other forms as well, it contributes one-seventh of the production of byproducts (especially in fields whose products can use oil as energy); that is, to produce seven dollars' worth of goods, the West has to have one dollar's worth of oil at its disposal. If one dollar's worth of oil is not present, seven dollars' worth of goods will not be produced.[15] This is the direct and indirect, and very great, contribution of oil which has brought about the growth of the industrial economies. How can we assess this great influence? From the above descriptions, we have come to realize that if oil production decreases by 1 percent, the economic growth of the industrial countries will equal zero.

What value shall we give oil for such a determining role? At what amount shall we assess the volume of the indirect contribution, or, more precisely, its contribution as the motive power of economic growth?

Nothing has been said and no evaluation has been made in this regard. At the end of this section of the discussion, we will attempt to make a minimum evaluation in hopes that researchers who are trained economic observers may arrive at a precise one.

Oil's contribution to production, however, may not be dismissed in these words. Because of the extreme versatility of its application and its transportability and movability, and because of the slight danger in using it, it has brought about a diversity of production and, as we have seen, the function of this diversity has been drawn away from basic needs to the false needs of the systems which deceive mankind (so to speak the mass media of the radio, television, newspapers and so forth) by the diversion of capital. This is oil's indirect yet extremely great influence on the industrial economies. Oil has created a capacity within these economies for receiving and drawing capital and workforces which is so unlimited that in the event primary materials and a market exist, production may be increased several hundred times over and, in the words of the president, the standard of living of the people of the world can reach America's level. No other energy-generating commodity has yet placed such power at man's disposal. At what amount can we evaluate this role? What sums are the oil-rich countries receiving for this as they deprive their economies of the possibilities of attracting capital, workforces and diversified production by exporting the oil, and consign all these possibilities to the industrial economies at once, complying with the present and future expectations of capitalism through the reckless production of oil? What they are receiving are imports in the form of products which are mostly useless and harmful. That is, the consequences of deviation and the search for profit in the dominant economies is the lot of the oil-rich countries. At the end of this section we will attempt to evaluate the importance of these roles.

Finally, in accordance with forecasting studies, energy is acquiring a greater share in production with each passing day as a result of changes in the structure of production in the industrial economies, as has been described, since 3.02 kilowatts of electricity will be required to produce a dollar of goods [16] (or almost double that of today) in 2000. In other words, oil is a product which will have double its value of today by 2000 even as mere energy. Are we being paid a nickel for this future value which is being lost to us by uncontrolled production? When oil was nationalized, the British demanded compensation for the exploitation they had lost and caused a coup d'etat in the government: that is, they claimed that Iran should compute the interest the oil company was deprived of as a consequence of the nationalization of the oil industry from the date of the nationalization of the oil industry until the end of the imposed 1933 agreement and should pay that to that company. Is there anyone who would say that the oil-rich countries, by exporting oil in the present and future, are being deprived of unlimited benefits, while the industrial countries (leaving aside all the benefits) have acquired the possibility for unlimited growth--unlimited from the standpoint that the economic structure can attract capital and a workforce (if there are limitations, that is because of shortages in primary materials, markets, and domestic and international political and social factors)? If so, then why are the industrial countries not therefore paying the oil-rich countries a nickel?

Subsection Two: **Oil, a Non-Substitutable Primary Material**

The degree of importance of any primary material consists of the times it contributes to production, its utility in various industrial and nonindustrial fields, its ability to replace other materials and, finally, the new horizons it opens for economic growth and the creation of new products. Oil, with more than 10,000 byproducts, is used in all stages and fields of production. Today it has taken the place of many metallic and nonmetallic materials and has imparted to the limited horizon of industrial, agricultural and even service expansion an infinite development. It is enough for the reader, through the patience by which he has reached this point in reading this work, to cast a glance at the clothes he is wearing and the objects around and on him to feel the presence of oil. In its turn, this enlarged horizon has greatly expanded the power to attract capital, workforces and fields for employing human and financial capabilities and increasing profit. It is under the aegis of oil that the industrial economies realized an expansion without parallel in history after World War Two: the economic exchanges which took place among industrial and nonindustrial countries before the war today basically take place among the industrial countries themselves, and these economies have been able not only to put all their workforces and capital to work within their own economies--indeed, one of the basic imports of industrial countries today is capabilities (brains drained from the dominant countries) and laborers (modern slavery).

Again, 10 percent of the oil at most is used as a primary material. Why isn't more used? First of all because the West is faced with a shortage of energy; as we have seen every reduction in one unit of energy will reduce output by 40 units and it is not to capitalism's benefit at the present time to obtain energy from other materials. The volume of profit in production fields whose products are useless or harmful is high, and capitalism is not prepared to do without its own profit for the sake of the health and profit of mankind. More important than these reasons is oil's use in diverting capital into useless fields and the reckless diversification of products, which have caused the general level of demand to be greater and go higher than the general level of supply. As a consequence, prices increase in an important sector of the economy and the prices of certain other products also rise owing to the enforced solidarity of prices. The roots of inflation in the industrial economies are precisely the deviation and lack of correspondence between supply and buying power which enters the market in the form of the demand to purchase goods and services. Here money goes to work as an instrument of accumulation, accumulating on a domestic and international scale the revenues of the lower peoples (the dominated peoples) which it concentrates among the higher and in particular the highest peoples. Therefore, in the present economic structure, oil, the most precious of products in man's hands, is going up in smoke. Not only are today's generation, and the coming generations, not benefiting from oil--as has been stated, they are sustaining losses which cannot be compensated. In spite of that, it is predicted that the volume of oil used in petrochemicals will reach 20 percent of the oil produced.[17]

How is oil's contribution as a raw material to the growth of industrial economies realized? In direct and indirect form.

Oil's direct contribution as a raw material lies in what is called the petrochemical industry. How much of the industrial countries' gross product does it account for in this capacity? Information at hand says that on the average the rate of growth of chemical products has been double that of the industrial sector and 2.5 times that of the gross product of countries which on the average grew by 9.7 percent in the West and 12.9 percent in Japan in the decade 1960-1972, while during that decade the petrochemical industry (especially plastics) grew by about 17 percent. A worker in this field adds about $13,800 to the value of products in America and $17,390 in Europe on the average.[18] It is the writer's belief--and he is not alone in this belief[19]--that gross national product calculations are made to deceive people in every country and are full of ruses and magic, not reflecting figures and facts as they are. Nonetheless, the revenues derived from oil in the form of petrochemical byproducts are a great, enormous figure; about /number omitted/ billion dollars of the gross product of Europe, America and Japan consisted of the value of petrochemical products in 1970.

However, the figure which is not calculated is the indirect role of oil products, or the role of those products as motive power, in the expansion, development and growth of the industrial, agricultural and service sectors. For example, when one wants to compute the total value of a ton of wheat, wages paid to the workforce, the depreciation of machinery, energy, the cost of service, fertilizer and so on are noted, but the role of energy, fertilizer, and facilities which the new equipment saves by increasing yield is not.[20] Why are these things not calculated? Because the basic objective in these calculations is to deceive dominated people and workers and to attribute the prime role to capital. Of course motive forces are discussed in conventional economics, but in brief, without any effort to determine the place of each, their modus operandi or their interrelationship. Among the responsibilities of an economics which is free from the restrictions of the expectations of the authorities are recognition of the motive forces and investigation of their best modus operandi in economic growth (in the proper sense of the word). Again, what price shall we assign to oil for this determining role in moving industry, agriculture and even services (do not forget that the military is also a service), which constitute the three sectors of the industrial economies? At what magnitude shall we assess its contribution to the growth of industrial economies, in its capacity as a motive power? Let us remember that "if the oil-rich nations want to grow economically on a basis not of iron but of plastic they can make their countries the peer of the industrial countries in a short time at a cost 10 to 20 times less than that of the industrial countries. It is to strip the countries in oil-rich areas of such opportunities that such regimes as Iran's have been imposed on them."21 The oil and gas which should be used to save countries from poverty and put millions of minds and hands to work go to the West and take all the capacity for growth and labor with them to the West. What is given to the oil-rich countries as revenues is also spent on purchases from industrial economies and on importing the purchases into the former countries. It is for this reason that economic growth plans in these countries may be summarized as accelerating natural and human resource exports and increasing imports and the capacity to absorb them. The oil which should have gone to work to create labor in oil-rich countries goes to work to eliminate opportunities for intellectual and manual labor and thus to create a reserve workforce for the industrial economies. These are the mechanisms and arrangements for the emergence of an army of unemployed throughout the world. How can one evaluate the role of oil, gas and other raw materials when using oil and gas requires their limitless production? With what figures may one refer to the effect of petroleum materials on the use of other raw materials which have become feasible thanks to the use of oil and gas, to the point where the shortage of raw materials is now being felt, and this in itself is one cause of the economic crisis and inflation in prices? Finally, with what figure must one portray the broad, infinite field which the harmful use of oil and other primary materials has opened to capital, causing the basic concentration of capital and capitalists in the industrial countries?

Section Three: Capital Formation and Attraction

If we want to go through this section step by step, we will have to explain and analyze the subject of domestic and international economic relations once again, and that is beyond the scope of the present discussion. In spite of this we will study several basic aspects of capital formation and the power of industrial economies in drawing and attracting capital.

Subsection One: Capital Formation in Industrial and Nonindustrial Economies and Its Meaning

First, we should state that the existence of "national boundaries" has prevented the internationalization of economic activities and as a result the formation of capital as it should be understood. Even in studies which have addressed themselves to analyzing capital accumulation throughout the world, many subjects remain unstated or have been improperly explained because the method is still treated as the framework and the facts are poured into that framework. In this section we will seek to describe capital formation in the relations between industrial and nonindustrial countries by seeking recourse to the facts available.

The information available states that the rate of growth of consumption in industrial countries is greater than the rate of economic growth.

Table Ten: Comparison of the Growth Rate of Consumption in the Private and Governmental Sector with the Growth Rate in Industrial Countries, in Fixed Prices (percent)

Country	1970		1971		1972		1973	
	Consumption	Production	Consumption	Production	Consumption	Production	Consumption	Production
France[22]	3.2	6	8.2	5.1	5.9	4.9	--	--
West Germany[23]	--	--	5.7	2.6	3.6	3	3.6	5.2
Netherlands[24]	7.2	6.7	3.5	3.8	3	4.3	--	--
Sweden[25]	3.6	4.1	0.8	0.6	2.2	2.2	2.1	1.2
America[26]	-1	-0.4	3	3.1	7.1	6	3	5.9
Iran[27]	11	3.5	9.4	-5.5	16.1	-2	--	--
Saudi Arabia[28]	15.6	--	15.6	--	15.6	--	22.1	--

Before opening the discussion of this table, one must clarify some aspects of the figures listed in it as much as one can. In 1972 and 1973, the rate of consumption growth was less than the rate of growth of gross national product; in 1970 and 1971 the growth figures for consumption do not show reality as they should, since the basic factor was the decline in America's military and nonmilitary budget. In reality, with the decline in military commitments in Vietnam, and with the assumption by Iran and oil countries of the payment of a large portion of military expenses, America succeeded in reducing its military expenditures, which were $78.4 billion in 1969, to $74.6 billion in 1970 and $71.6 billion in 1972. Since the Middle East War, America's military budget to aid Israel was increased to $74.4 billion in 1972 and $74.2 billion in 1973. Aside from that, its overall budget has also been freed from part of its nonmilitary burdens. In reality, the oil countries have accommodated themselves to America to the point where in the 1960-1973 period, for the first time the growth rate of the budget--which had always been greater than the growth rate of consumption--came close to and was even less than the growth of consumption.[29]

With respect to Germany, however, the pressure of buying power in Germany itself, and that outside of Germany which entered the country in the form of demand for the purchase of goods and services, is to be considered a factor. This pressure caused productive systems to produce at full capacity in 1973. Therefore part of the increase in production is related to the full use of the country's productive capacity, and of course the increase in exports plays the major role.[30]

The rate of increase of the sale of industrial products inside the country was 8.5 percent, and that of the sale of industrial products outside the country was 19.5 percent. The virtue of clarifying these aspects in the case of Germany and America is that they reveal that the volume of growth of consumption and production in these economies must be evaluated by placing these economies within general international economic relations. Let us put the figures in the table into words:

The first thing this table states is that buying power--and consequently the volume of consumption--in both industrial and dominated countries is increasing faster than the volume of production and that the roots of the crisis and the accelerating inflation of these figures lies in the outstripping of production by consumption. Although it is not our objective to take up a discussion of the recent economic crisis, we will state in passing that it is this outstripping of production by consumption on the one hand and the absence of organized rapid growth in the industrial economies (and the orientation of capital toward fields which increase buying power without adding to the production of the materials required by the general public of the world) on the other that have caused the severe drop in the inventories of agricultural products, industrial raw materials and industrial goods.

The second thing the figures in this table state is that direct relations exist between the international status of countries and the growth rate of consumption and gross product. In countries like Iran and Saudi Arabia which are constantly being further incorporated into the dominating economies and are acquiring great buying power, the correspondence between the growth of domestic output (that is, that based on intrinsic resources and for domestic consumption) and the growth of consumption is coming into greater and greater conflict--that is, a basic portion of the power to purchase from the industrial economies lies outside their national sovereignty. As a result, in attracting this purchasing power, the main centers can obtain an enormous part of their capital reserves shortage from these countries. In fact, America, where the volume of consumption is rising at greater speed than the growth rate of production, the volume of capital savings must in principle drop, and indeed is dropping, since in 1971 America was able to save only 17 percent of its output for capital investment. In spite of that we see that the volume of capital savings growth in that economy is greater than that in other economies, since it not only obtains the capital necessary for investment within its national boundaries--its capital has also seized the most effective sectors in the industrial and nonindustrial countries:

Table 11: Growth in the Volume of Capital Investment (in Fixed Prices)

	1972 (Percent)	1973 (Percent)
France	7	--
West Germany	2	0.5
Netherlands	-1	--
Sweden	3.5	-2.5
America (private sector)	12	8

How and where do the Americans obtain this capital? By exporting and importing capital and goods. The explanation is that the Americans perform 65 percent of foreign capital investment. In appearance, 22 percent of the sales of the branches of big American companies in industrial countries are attributed to those countries' exports, but in reality they belong to the Americans. Moreover, in seven important industrial fields, the local sales of these companies' branches are more than twice as great as exports of these seven fields from America (America's exports in these seven fields being 43 percent of the local sales of these companies' branches).[31] The concentration of a monopoly of strategic products in American hands (see Table Five and the data following it) has obligated the people of the world, especially the Europeans, to keep an important permanent dollar reserve; it is through this reserve that America invests capital in these countries themselves to its benefit in order to dominate these economies. Finally, the Americans, possessing the dominant money, gaining power over capital resources belonging to others, are plundering the resources of the world at an ever-increasing price, by fully exploiting increases and reductions in the inflation rate, and, by this plunder, are further preparing the ground for successive acts of plunder. Thus, the American economy is raising its capacity by attracting goods and capital and is fragmenting those countries' economies by putting the capital to use in other countries, squeezing the last breath of life from them. Therefore the reckless increase of consumption in America--especially the consumption of useless products--is the product and of course in turn the cause of these very relations. The final thing this table states is that the fact that the growth of buying power has superseded the growth of production in the industrial economies, at the same time as it has become the field for capital accumulation[32] (that is, until demand exists goods are not produced), also shows the important fact that when production falls behind consumption in the industrial economies, that causes a rapid rise in prices and socio-economic and consequently political crisis.[33] During this period, oil, as energy, as a raw material, and especially as capital, acquires more definitive importance and urgency. In the crisis period, the orientation of capital plays a determining role in distributing the world's resources among the world's powers, and thus capital formation in the industrial countries, in America (which also dominates them), and in the dominated countries has no meaning or sense. The dominated people's capital in reality is being formed and used to the benefit of the dominant and to export the sources of wealth of the dominated countries to the dominant countries, first of all America. Both are one form of capital, from which power is derived. In continuing the investigation, one must explain these subjects.

Subsection Two: The Process Whereby Oil Is Transformed Into Capital and Its Manner of Functioning in Dominant and Dominated Economies

Oil is a commodity whose consumption is not haphazard and does not occur once, but rather occurs every day, every hour, every minute and every second. Therefore from its emergence from the well to the final consumption of its products there is an extremely short distance. What this means is that oil is quickly converted into money and turned into immense capital to be used in industrial economies.

Oil, according to the varying costs of production in various areas of the world, creates capital 20 to at least 40 times its production costs--that is, its sales price is 20 to 40 times its production cost.

Finally, oil enters the industrial economies from abroad and is converted into capital in those economies. Therefore, the explanation that clarifies the above issue will concern the source of capital that the industrial countries, especially America, have at their disposal.

This capital is broken down into two parts. The industrial economies put one part to work and give one part to the countries which possess the oil. Now let us see how these two categories of capital function in various economies.

The brief period of transformation of oil into capital, the permanent and constantly growing flow of oil (and also other raw materials) to the industrial countries, and the conversion of this flow into capital have given these economies--with the support of this enormous capital--the ability to abandon the old policies of encouraging savings left over from consumption by following Keynes' theory on encouraging consumption, to raise the volume of consumption intensely, and, responding to the extreme propensity to consume, to put imported capital to work in various fields of production. Thus the transformation of oil (and other raw materials as well) into capital has enabled industrial economies to keep raising both the volume of consumption and capital investment. The explanation is that capital creates a buying power greater than itself in volume, which subsequent capital investment must attract.

However, because of this greater, accelerating increase, buying power (only a part of which is shown in the figures of Table Ten) creates inflation in existing economies: the greater the buying power and the less the power to produce, the greater the volume of inflation. This is because those who possess capital can easily draw capital into fields which are able to attract additional buying power within limits which cause profit to reach its maximum and put capital to use in countries where it increases the disequilibrium between buying power and productive power. This is what America does. In reality, inflation does not create something out of nothing. It merely changes the quality and quantity of relationships. This is because inflation is the field for capital accumulation and, as that is accelerated, so is inflation. The dominant economy sets forth by concentrating the capital, resources and capacities of the people of the world within itself and by putting them to work within itself and other areas. It leaves the most powerful countries and goes to weaker countries along with capital and goods, then, after emptying everyone's pockets, brings its gains back to the strongest countries--along with itself, of course--in order to set out to the weaker countries in greater form again. After one cycle, new relations are established among interrelated countries. The strong become stronger and more dominant and the weak become more impotent and more compelled to sell their resources and capacities in advance (like Iran today).

In what way do we say "like Iran today"? In what way does inflation come to a country like Iran along with capital and goods, plunder its resources and its being, and take them back with it in order to return once again in greater dimensions? We have stated that the weaker countries give us a portion of the capital. Now let us see how that portion which reaches us functions.[34]

This money which is given to us for oil is foreign money--that is, the oil is removed and in exchange for that we are permitted to purchase from foreigners to the extent of the buying power of the money. So this money means our power to buy from the economies which give the money. However, this money works in two places and in two forms--in Iran it is converted into rials and spent in the form of the government budget and abroad it is spent on buying goods and services. Goods are imported into the country and attract buying power. However, buying power increases by a large factor on the one hand and inflation raises the price of goods on the other. As a result, because of the greater rise in buying power, more goods must be imported. However, inflation means among other things increases in the prices of goods. How can the same amount of goods be imported with the same amount of money, to say nothing of importing more? It is for this reason that the country has no choice but to sell more oil in order to be able to import an adequate amount of goods. Thus the fight against inflation is a fight against a pincers movement attacking both through capital (the drop in the value of money and the increase in buying power) and goods, and confronting the country under attack with overall fragmentation, that is, eradicating its economic foundation. It ruptures its economic bonds, incorporating some within itself and confronting the rest with stagnation and elimination, constantly increasing the volume of resources and wealth it takes away as booty in a manner whereby it even uses up the resources of the future in advance. It is for this reason that the growth of the non-govermental sector of the Iranian economy is negative or trivial, in spite of the great growth of industries dependent on imports. The continuation of this discussion is a further explanation of the effects of the action of the capital obtained from oil.

Section Four: The Effects of Capital on the Orientations of Dominant and Dominated Economies

A distilled, simplified explanation of the second section is that in the dominant economy the action of capital causes its drawing power to rise but in the dominated economy causes that economy's fragmentation and further exports of its resources. As a result, the relations between these two categories of countries become more unequal with the passage of time. This is the role of capital, which plays the role with the aid of commercial and monetary relations and inflation (and of course other relations including, and most importantly, political and cultural domination). Thus oil is a weapon which is taken from the hands of the dominated party and used against him. How so?

In Section One of this study we explained the change in relations among industrial countries and between these countries and the rest of the world. Here we will state that the current crisis, whose symptoms are the price increases in America and the rest of the world, is the beginning of a new relationship between America and the industrial and nonindustrial countries, and between the present and the future. The realities which we have enumerated speak of a transformation in relations toward America's absolute dominance over Europe and the rest of the world. In fact, as we have seen, inflation does not create something out of nothing. Therefore, raising and lowering the price of oil does not create anything either. Increases in the price of oil draw from some economies and add to others.

Inflation, as we have seen, is the offspring and the creator of the accumulation of capital and wealth; therefore, the farther we get from the world center of accumulation, the greater the dimensions it acquires; that is, the more inadequate the structure of an economy becomes and the smaller its dimensions and power become, the greater is the burden of inflation which it must draw on its shoulders. When inflation pursues its orbit in the company of capital and goods throughout the world, and returns to the center in the form of greater capital and goods, its dimensions become greater, and the era of relative stability of prices in the center ends. A new era begins during which the center will naturally derive greater profit from the redoubled exploitation of the world's people if it can impose the consequences of the exportation of capital, goods and as a result greater inflation and the return of still greater capital and goods on the rest of the world. Before the war, Britain could not endure the consequences of the crisis and had no choice but to sacrifice itself to the benefit of the new center, that is America. Is the America of today able to bear the consequences, that is, able to resolve the contradictions arising from the crisis?[35] America's need for the oil weapon gives a positive response to this question. The increase in oil prices means the withdrawal of $60 billion of the capital which oil has created in European economies. Elsewhere, we will describe the manner in which this money returns to the industrial economies, especially America. Here we will state that if we assess the effect of the price increases at $50 billion a year, its figure will be $1 trillion in 20 years, leaving aside the diverse effects of this capital, and of course that is a very great amount of capital, especially at a time when the excessively low production growth rate will cause prices to rise yet further and will turn the economic crisis into a severe political and social crisis. In the hands of the dominated economies, this money means the power to buy from dominant economies, and removing it from the production of industrial economies cannot be without an effect in these economies and in their orientations.

its effect on the dominated economies, as described, is to increase the distance between buying power and producing power and to bring the rate of inflation to its maximum. As we have seen, it is the toiling people of all countries, especially the dominated countries, who will pay the final tribute of inflation, and paying this tribute entails spending oil revenues to attract the buying power which the industrial countries themselves create, avoiding price increases, in two ways: by increasing imports and payments, allocating an important part of oil revenues to paying the difference in prices, and keeping the volume of the price increase artificially low. Thus, after a cycle whose length is determined by the structure of international economic relations, the dominant economic sectors will succeed in attracting this buying power.[36] In this manner, the world will assume a new form via the international division of labor, productive fields which no longer are able to offer much of a return in the West will shift to other areas which can have a maximum of profit and the subject of return on capital will cause the apportionment of capital throughout the world in a manner which will make the accelerated flow of accumulation necessary.

However, the crisis will also further divert the orientation of capital investment in the industrial economies, as America and the multinational corporations whose homeland is America attain complete dominance, toward fields where the return on capital is great, and that portion of production which is either useless or harmful but will be able to attract the major part of buying power and yield enormous profits will become greater. The current crisis is the crisis of an absolute separation of America not only from the dominated countries but also from the industrial and nonindustrial countries. In other words, if America resolves the contradictions in favor of its own interests it will, by accumulating capital, technology and an expert workforce become dominant over the industrial and nonindustrial countries both and will increase the degree of exploitation of these countries to its own advantage.

A subject which has been improperly understood, and to which we will address ourselves here on this occasion, because of its importance in the constantly increasing role of capital, is that of the effect of scientific progress on the development of America's dominance and control. One group of people has thought that progress in science and technology is the determining, and most fundamental, factor in economic growth. Another group of people believes that it is not of determining importance.[37] A final group, drawing on a comparison between America's expenditures on scientific research--which are 1.4 percent of that country's gross national product--and Italy for instance, which spends only 0.48 percent of its gross product on research of this kind but has a rate of economic growth higher than the growth rate of America's economy, say that scientific advancement is therefore not a determining factor. In previous sections we have made it clear that gross national product is a term without meaning and does not illustrate reality. Here we state that America--partly thanks to this technological advancement which in itself shows a constantly increasing inequality between America and other countries, and to the manner of using it, which is a factor in the continued configurations of a society where the volume of capital efficiency tends to the maximum--has been able to attain the most suitable relationships between labor and capital in various economies. American capital investments everywhere are directed into fields where not only is the return on capital higher but where capital creates the wherewithal for changes in the orientations of economies in directions the dominant American economy wants. Through scientific progress, the cycle of production as well as the time in which goods are transferred into capital becomes shorter and shorter and the distance between the price of raw materials and the price of goods manufactured from them becomes greater. Now the share of the cost of raw materials in the cost of a unit produced has declined by 40 to 50 percent in comparison with 1939.[38] This share will also be less in the future, for two reasons: one, in terms of quality, products will be rising, and secondly the effects of price increases on one another will cause the price of industrially manufactured products to change to a greater proportion in comparison with the price of raw materials. For example, if the price of crude oil increases from $3.50 to $7.50 a barrel, the buying power of a barrel of oil will not double, because oil products prices will align themselves to new crude oil prices in such a way that the existing relationships between prices will not change and greater profits will revert to the companies, as they in fact are doing. Aside from this, since oil functions in all economic sectors, as energy, a raw material and capital, it increases buying power and consumption more than and ahead of production and, as a result, not only does it eliminate the effects of increases in the price of crude oil, it also decreases the buying power of the crude oil. Only one year after the oil price increase, the buying power of crude oil dropped by 35 percent as a consequence of inflation. Therefore industries in which the cycle of production and sale of products is lengthy fell into precipitous decline and will have no choice but to perish unless moving them to other places guarantees a high yield, in which case they will have no choice but to go places where they will have a possibility of a profitable life. This is the new division of international labor.

Finally, the relationship between capital, labor and the structure of the workforce in interrelated economies will change in such a manner that the dominated economies will have no way to escape from the relationship of dominance. In fact, with the emergence of the monopoly of "modern technology," competition in this sphere will also lose its meaning and the world will have no choice but to bow down before the orders of the superpowers. It is on this account that the subject of scientific progress, or in more apt words the subject of cultural independence--that is, the struggle to escape from this worst form of dominance--is like economic independence the most pressing and basic subject of our era. Unfortunately, such disruptions have been created in the thinking and minds of dominated people in the process of cultural dominance that the dominated are most afraid to see themselves in the mirror of reality.

Again, oil has a determining role as capital because of its unlimited and infinite power in bringing about an abbreviation in the cycle of production and the transformation of goods into capital. In the era of crisis, where the subject of time in providing capital plays a determining role in changing international economic relations and also in orienting social transformations, in an era in which the Western economies are doomed to grow rapidly lest destructive inflation cause their demise--in an era when paramountcy in production growth has attained absolute importance not only in drawing buying power and consequently preserving existing social systems but also in economic combat on the international scene[39]--if this capital becomes available to it, America will of course not only be successful in resolving contradictions in favor of its own interests but will also be successful in basing a new era of international relations in accordance with its absolute dominance over the world.[40]

However, the role of oil as capital is not restricted to these magnificent effects and determining influences. In fact, as we have seen, oil exempts the Western economies from huge capital investments in energy production. We have estimated the volume of this capital investment in accordance with figures which the Westerners themselves have published. We have seen that these investments would be 30 times greater than the gross national product of Western Europe and America combined--investment of which the West is totally incapable and lacking. The industrial countries want to provide the capital necessary to produce atomic energy in the next 20 years by turning oil into capital. What price should we assign to oil to turn oil into capital and exempt the West from investing capital in energy, with such great investments and at what volume should we assess oil's effect on the growth of the industrial economies?

To answer this question, in accordance with the study which has been made, one has no choice but to answer three questions which are raised at the beginning of the discussion on "deception in prices."

1. Is the increase in prices real or not? The data and explanation and analysis of facts show clearly that it is not.

2. Is the ratio of the prices paid to the oil-rich countries to the revenues of the industrial countries from oil changing or not? The analysis of oil's role in economies proves first that money in the possession of oil countries is purchasing power and a factor in consumption and that in the possession of the West it is capital and a factor in production. These two are not of the same kind that they can be compared. In reality the latter is indirect taxes which are taken from consumers on behalf of the multinational corporations. Secondly, with the passage of a brief period, these ratios will come into conflict. The accelerating increase in prices of industrial goods and American pressure[41] will abbreviate this period.

3. Is the nature of prices causing radical changes to occur in relations between the oil-rich countries and the dominant industrial countries? The

description and analysis of the role of oil as energy, as a raw material, and as capital have made it clear that these relations will be consolidated to the detriment of the dominated and to the advantage of the basic center of power in the context of existing relations, in spite of the price increases.

Under these conditions, if the economic yield of oil in its three capacities--energy, raw material and capital (capital which creates and capital which is used in other fields because oil exists in the place of energy production)--is assumed to be at least 20 percent of the gross product of industrial countries, is it adequate for us to say that that was $420 billion in 1970? That the price of oil must be calculated on this basis and that we should say, Mr West, rather than have your governments receive 50 to 60 percent of the price of oil products as taxes, allow us to give you oil for free, and, in place of that, since we are the owners of the oil and are depriving ourselves of everything and guaranteeing your existence (and, more than that, your economic growth) by giving it away, let us collect 50 percent of the taxes? No, that is not adequate. If, in 1970, and the years before and after that, we had received what was produced in the industrial economies in terms of oil, and the effects of oil on the production of the industrial economies (which their countries now receive in the form of taxes), and the relationship was the same as that which exists now, we would have lost more. No, the issue is not one of price--it is an issue of relationships which must be radically changed. Until the relationships are changed, money will be taken from us the way it has been up to now and still is, up to the last nickel, and that will be put to use, as has been explained, to the detriment of our existence and toward our total deprivation. Unfortunately, if an economic solution is conceived for Europe and other places but no economic solution exists for us, the solution which remains, and which will also be lost if we do not move quickly--"tomorrow will be very late"--is the political one.

Part One, Chapter Two: References and Sources

1. These revolutions consist of: 1. The discovery of fire. 2. The energy and consumption of agricultural products as food, or the invention of agriculture. 3. The smelting of iron. 4. Gunpowder. 5. Steam and oil energy. 6. Oil. 7. The atom. See Louis Puiseux, "L'Energie et le Desarrol Post-Industrial," Chapter Four, pp 109-131.

2. Figures in the first two columns from Angus Maddison, "Economic Growth in the West," London, 1964. Figures in Column Three have been drawn from the bulletin "Comptes Nationaux de l'ODCE," and in Column Four from "ODCE: Perspectives Economiques," pp 11, 12. See also the following book, which is of the same view: Jean Fourastie, "Le Grand Espoir du XXe Siecle," IDEES, Paris, first quarter 1979 /sic/ pp 95-102; Michel Grenom, "Ce Monde Affame d'Energie," Paris, 1973, p 198.

3. Fremont Felix, "World Markets of Tomorrow, 1972," p 139, Harper and Row Publishers, 1972

4. Op cit., pp 132-3

5. "The Mechanisms of Stunted Growth," translation by Abol Hasan Banisadr, p 114.

6. "Ce Monde Affame d'Energie," p 144.

7. Figures in Tables Five through Eight have been quoted from the following books. When we compare them with Table Four, we see that the capital for a major portion of the automobiles manufactured outside America is from America itself. Jean-Jacques Servan-Schreiber, "Le Defi Americain," Paris, 1969, p 91; Claude Julien, "L'Empire Americain," Paris 1967, pp 222 223.

8. Translation of Ivan Illich, "Retooling Society," in NOUVEL OBSERVATEUR, issue 409, 11 September 1972; Simon de Beauvoie, "Les Belles Images," Paris.

9. Fanon, "The Wretched of the Earth," Conclusion, Persian translation, ENTESHARAT-E MOSADDEQ, January 1969.

10. L. B. Johnson, "L'Avenir des Etats," Editions R. Laffont, Paris, 1969, p 11.

11. Quoted by the book by J. Attalie, M. Guillaume, "L'Anti-Economique," p 119.

12. Annual Statistical Bulletin of the United Nations, 1970.

13. NEWSWEEK has published the secret American report according to which the most important American weapon for subordinating others is the weapon of wheat. See also LE MONDE DIPLOMATIQUE, September 1975, and the news bulletin translating that.

14. In addition to what is mentioned in the text, TEHRAN ECONOMIST published a report on the World Food Conference in Rome in its special 21 March 1975 issue. This report stated that 460 million people are suffering from malnutrition at the present time and that in 1985 the grain shortage will reach 85 million tons. This shortage could reach 170 to 180 million tons. Compare with CIA report.

15 and 16. "World Markets of Tomorrow," p 171.

17. "Plan et Prospectives," pp 23-32.

18. OECD, "The Chemical Industry 1972-73," pp 15-18.

19. Regarding the falsifications which the Westerners make in these computations, See Jean Boudrillard, "La Societe de Consommation," Paris,

third quarter 1974, pp 45-49. Regarding the reality concealed in that, see Chapter Two, P. Vieille and A. Banisadr, "Petrole et Violence," Paris 1974.

20. Over the long term this contrived, unnatural removal of crops from the land will shorten the life of agricultural soils. However, when capital is accumulated, in governmental or private form, it no longer pays heed to these considerations but must increase itself qualitatively and quantitatively.

21. Jean Marie Chevalier, "Le Nouveau Enjeu Petrolier," 1974, pp 140-41.

22. OECD, "Etudes Economiques," July: France, pp 74-76.

23. Op cit., Germany, p 85.

24. Op cit., Netherlands, p 57.

25. Op cit., Sweden, p 52.

26. Op cit., United States, p 49.

27. Central Bank, "Annual Report," p 152, and Budget Law book, p 19. The growth for 1972 in the non-governmental sector was calculated in fixed 1959-60 prices.

28. Paul Vieille, "Dynamique Economique et Sociale de l'Arabie Seoudite," p 37, and "National Accounts of Saudi Arabia, 1386-87 [1966-1967] [illegible] 1391-92 [1971-1972] p 86.

29. Op cit. in source 26, pp 20, 37.

30. Op cit. in source 23, pp 33-36.

31. Pierre Jalee, "L'Imperialisme en 1970," pp 96-98, Maspero.

32. Regarding the increasing role of consumption relative to production in the accumulation of capital and maximization of profit, see the journal CRITIQUE DE L'ECONOMIE POLITIQUE, "Inflation," September-December 1970, pp 65-67.

33. On this matter people of different ideological outlooks are agreed, although in our view people with Marxist views, and others, ignore many issues such as the manner whereby inflation progresses, the role of determining the future in advance and consuming resources in advance, and its possibilities in the growth of capital and power.

34. See Part Two, Chapter Two.

35. It has not been our intention here, as it was that of Attalie or Samir Amin, to investigate whether capitalism is resolving the contradiction on behalf of America or Europe. Although the orientation of relations among industrial and nonindustrial societies is viewed from the perspective of industrial society, the proposed solution is the correct one which the Tunisian House Manifesto propounded. Our subject in this investigation is to arrive at a solution to the contradictions which will be beneficial to the dominated. Regarding this research, see Samir Amin, Alexandre Faire, Mahmood Hossein, Gostave Massiah, "La Crise de l'Imperialisme," Ed Minuit, Paris 1875, pp 10-45. Regarding Part One, Jacques Attali, "La Parole et l'Outil," P.U.F., Paris 1975.

36. The managing director of the Iranian Plan Organization, in a conversation with TIME, promises that Iran's increased revenues would be absorbed within a maximum of 3 years and that Iran would again proceed to borrow from the capital markets of the industrial countries. (TIME, 4 November 1974.) However, it did not take 3 years: on 25 October 1976, the Shah said that "We will not be burning oil money any more. The Iranian budget has a deficit of more than $3 billion." (KEYHAN, 25 October 1976.)

37. Pierre Jallee, "L'Imperialisme en 1970," Chapter 5, pp 103-112. The author of the book subjected both viewpoints to examination; he himself is a partisan of the latter. However, the work of both groups is that of forming models.

38. P 102 of Persian translation of "Mechanisms of Stunted Growth."

39. See in particular Sections 4 and 5, "La Parole et l"Outil."

40. Regarding the effects of advance purchases on consumption, there apparently is no difference between Western economists on the right and left. In addition to the previous source, see Francois Perroux, Jean Denizet, Henri Bourguinat, "Inflation, Dollar, Eurodollar," Paris 1971, pp 45-52.

41. The Shah, in his interview with LE MONDE's correspondent, says that the price of the ships which America sold to Iran has tripled since the time they were ordered and that the government of Iran reduced the oil price (which had increased 10 percent) so that the Consortium would produce more. Translation of this interview was carried in KEYHAN (Airmail), 15 March 1976.

Part Two: Deception in Oil Prices and the Transfer Movement of Oil Revenues

As was mentioned in the Introduction, the discussion in this part will concern oil prices and the transfer movement of oil revenues.

In Chapter One, an effort will be made to remove the totally fraudulent curtain of prices so that the facts behind it may be ascertained as they are, within the limits, of course, of information and capabilities. In reality, the acts of deception bearing on the issue of oil prices, which are aimed at keeping attention from being given to the role of oil in various economies, are numerous and diverse. It will be our endeavor to clarify the role of oil prices in plundering the sources of the country's wealth and to subject the functions they perform in our economy and the dominant economies to understanding.

Since this study would be incomplete without a study of the transfer movement of oil revenues, we will engage in this study in Chapter Two of this section, so that the role of the political factor, among other factors in economic relations, will be identified as it ought to be.

It is appropriate to mention the point that the research contained in these two chapters has previously been published, with the difference that we have made it more complete in the present text by adding new information and the necessary details.

Chapter One: Deception in Oil Prices

The monopoly over the mass media and the media's power to act has enabled the monopoly holders of economic and political power to divert the attention of those who are being plundered from the real issues and the nature of the issues whenever they can and sometimes even to instill peace of mind in them. After prices were determined within the limits of America's economic strategy[1], the fable of prices was then used, more than it had been previously, as a weapon to divert public opinion in the countries which are being plundered from paying attention to the issues and their true nature. For this reason we will subject a few basic aspects of the price issue to discussion in two sections.

Section One: Increases in Prices and the True State of Prices

To understand the real volume of the crude oil price increases, one can draw upon a group of comparisons:

A comparison of the exchange rates between oil and industrial products;

A comparison of the course of oil prices and the decline in the value of money;

A comparison of the course of oil prices and the prices of substituted materials.

In this comparison, since oil is a product which has several functions and is used in various industrial fields, both as energy and as a raw material--and since there is no substitute for it in certain fields--one must compare the course of its prices with the course of the prices of many materials and also give it a coefficient of importance in view of the broad powers which oil confers on the industrial economies.

A comparison between the course of oil prices and the value added in industrial economies entails two considerations, first, the transfer to the industrial countries of that portion of workforce wages which are not paid out in the oil-rich countries (in other words, the difference between the wages of oil industry workers transferred to the industrial economies in the form of cheap oil in spite of equal working conditions in the oil-rich and industrial countries, which is blatant robbery), and second, oil's participation in the added value of the complex of productive activities in the industrial economies. In reality, the transfer of oil from oil-rich countries is at the same time the transfer of potentials for economic activity to Western economies. The effects of this transfer of potentials on increasing yield and consequently on value added and national product growth become apparent. The simple summary of this comparison to compare the course of the oil price with the volume of the increase in the growth of national product, especially the volume of industrial growth in industrial countries. These comparisons will enable us to compare the real volume of the increase which oil prices ought to have undergone even within the limits of current relations with the actual volume of price increases, and to evaluate the extent of the pillage, so that we may become aware of the qualitative and quantitative extent of the acts of deception.

Before proceeding with these comparisons, let us first deal with the rules determining the prices of oil products from World War Two to today so that the readers may follow the current investigation with a mind fully aware of the course of affairs.

Subsection One: Why Oil Prices Were Declining Up to 1970

In view of oil's determining role in the general competition for control of the world, America entered into competition with Europe, especially with Britain, prior to World War Two. In the year directly following the war, when the renovation of the economic life of capitalist Europe was of crucial importance in the future of capitalism, cheap, abundant oil was of utmost importance. Therefore the production of oil was subordinate to the expectations of the renovation of the economic structure of Europe and the growth of the capitalist economy and, in terms of price, was subordinate to the political-economic strategy of America.[2] The Economic Cooperation Administration, which America established in 1948, lowered and fixed the prices of oil.[3] Thus, determination of the price of oil was always the object of political decisions, and, in order that an economic vehicle could be fitted for it, the structure had perforce to be based on unlimited production. The explanation is that oil prices were considered to be subordinate to the "law of supply and demand." Since supply was always surplus to demand, prices perforce should have dropped and, as we will see, they did drop. However, oil is not like agricultural or even industrial products which become spoiled or obsolete and are not consumed if they are not supplied to the market and sold in time; oil is not a material whose production volume cannot be regulated and produced in accordance with consumption. In production, as well, because oil monopolies existed, it was not possible to envision a competition which would cause oil to be produced and supplied in excess of demand, as a consequence of competition. The constant maintenance of supply above demand was the result of a political decision which complied with two basic needs of the dominant economy among others:

Avoiding repetition of the "Mosaddeq experience" and nationalization of oil in the true sense of the word, by maintaining a fear of oil sales deprivation and by having the nationalized oil remain without buyers;

Having an excuse for setting the oil price within the limits of political and economic power expectations throughout the world.

In light of the fact that oil production was unlimited, economic plans were drawn up and carried out. Economic forecasters imagined that the decade 1970-80 would be one in which oil would become cheaper and more abundant, in view of oil reserves and oil production growth volume.[4]

Subsection Two: The Oil Price Increase Weapon

However, after Johnson and Kennedy's efforts to preserve the dollar as the dominant currency and to maintain America's trade balance had yielded no results and Europe, in DeGaulle's words, had demanded that the dollar--the dollars in the Europeans' possession--be converted into gold, America had no choice but to turn toward oil and decided to resolve its economic problems by having full control over oil prices. In fact, the difference in oil production costs between America and the Middle East had become excessive in this area:

Table One: Per-well Production and Average Costs of Producing One Barrel of Oil[5]

A. Annual Output per Oil Well in 1968, in Tons

Country	Tons Per Year
America	850
Indonesia	12,400
Venezuela	15,050
Russia	4,950
Libya	149,250
Kuwait	233,250
Iran	591,900

B. Average Cost of Producing One Barrel of Oil, 1970

Country	Cents
America	150
Indonesia	80
Russia	70-80
Venezuela	60
Algeria	40-80
Libya	15
Middle East	10

Thus the wells with the lowest yield are those in America and the most prolific ones are those of Iran; the most costly wells are those in America and the least costly are those in Iran and the Middle East. The cost of producing a barrel in America was 15 times greater than in the Middle East and about 25 times greater than that of producing oil in Iran. The difference in oil costs resulting from the difference in production costs (of oil produced in the member states of OPEC), which goes completely into the pockets of the West, that is, the oil companies, came to about $227 billion over 20 years (1953-73).[6] This made capital investment in energy resources existing in America impossible and threatened the capital investments which had been made in this sector with oblivion. In addition to that, the oil molopolies also intended to acquire a monopoly over other sources of energy--coal and the atom. The difference in production costs caused American products to be costlier than European products and to be unable to complete with them in the future, since production costs in Europe and Japan were lower, because of the cheapness of oil and the decline in the value of the dollar relative to European money, which caused the Europeans to pay less for the oil they bought with dollars. All these constraints dictated that oil prices increase to the limits American strategy demanded.

In spite of monetary measures, the official decline in the value of the dollar, and the increase in the value of competing currencies, the value of the dollar was still rapidly declining up to the October 1973 War. The position of the dollar was greatly endangered because of the constant and unremitting increase in the American balance of payments deficit. In reality, the deficit position of America's trade balance in the past, present and future (an assessment made before the oil crisis took place) was as follows:

In the years directly following the war, that is, 1946-9, America had a balance of payments surplus of $27.4 billion, in spite of $21.3 billion in loans and aid to the countries of the world. However, starting in 1950, when Europe and Japan were able to enter into competition in world markets and America capital exports gained broad dimensions, and to 1957, America's balance of payments had a deficit of a bit more than $1 billion a year, or a total of a little more than $8 billion. In 1958, the annual deficit suddenly tripled and reached $3 billion; by 1965, more than $15 billion were added to the previous deficit and the total American balance of payments deficit at the beginning of 1966 came to more than $26 billion.

In addition to long-term indebtedness, short-term debts, which in 1959 had been only $9.1 billion, rose to $29.1 billion in 1965. Starting then, as a result of America's indebtedness to the rest of the world (especially Europe and Japan) and the expansion of the war in Vietnam, the creditor nations decided to convert their dollars to gold, the status of the dollar was shaken, and the status of the dollar became more badly shaken with every year.[7]

America's gold reserves, which came to $21.8 billion in 1955, had declined by 1968 to $10.8 billion, while the dollars in the possession of the rest of the world had risen to $31.5 billion, or more than three times America's gold reserves. From then on the situation became more serious every year: at the end of 1971 America's total deficit was $67.2 billion; in 1972 alone, the budget deficit was $8.4 billion. It is predicted that the improvement in the budget in 1973 will be temporary and that the budget deficit will increase in the 1970-80 decade.[8] America's net balance of payments deficit, just in terms of oil (in the previous oil prices), will come to $9 billion in 1980 and to $30 billion in 1985 (again, in previous prices);[9] in 1980 America's balance of payments deficit will come to $50 billion.[10]

In such dangerous conditions, America had no choice but to take measures which would raise the credits of the rest of the world and establish it as the dominant power. Therefore it embarked on acts of economic aggression in all fields: it devalued its own money and compelled competing currencies to be revalued through political and economic pressure. This palliative could not remedy the endemic disease. It had no choice but to proceed to increase the prices of products which were under its monopoly control. The prices of agricultural products which the dominant countries produce have always been and are higher than the prices of the same products produced by the dominated countries.[11] Since 1968, all prices began increasing rapidly and of course the products in America's possession sometimes increased as much as threefold.[12]

Between 1969 and 1971, while the prices of the products of the dominated countries were coming down, or increased only slightly, the prices of products like sugar, meat and wheat increased 21 to 25 percent in 1971. Egyptian cotton decreased in price relative to 1970. However, the overall price of cotton (whose production is essentially under America's control) increased. In short, the price of industrial and agricultural products produced in America and the industrial countries increased two to three times in comparison with 1954.[13]

However, these measures were not adequate for the objective and the oil price weapon had to be employed.

In spite of the increase in production, although the oil price should have dropped in accordance with the well known law of supply and demand, America protected the price increases at an economic strategic level, since the determination of the price level has always been, and is, a matter of political decisions. As we have pointed out, what is amazing here is that some European forecasters were predicting that the price of oil products would drop without attention to this fact. However, as was correctly predicted, "Oil prices are a destructive weapon and whatever power acquires the capacity to determine them will easily be able not only to drive competing economies off the world commercial stage but also to fragment and vanquish them."[14] This is what happened . America, through price increases within the limits of its economic strategy, consolidated its status as the dominant power by taking from the pockets of Europe, Japan and the rest of the world.

Here we will raise and answer two questions. First, did the oil prices rise in an unjust manner and increase only because of America's decision? The answer is that the oil prices not only did not rise in an unjust manner but as we will see did not even increase to match the decline in the value of money. That is, in terms of buying power, a barrel of oil today still has less buying power than a barrel of oil in 1971. Therefore, the oil-rich countries rightfully demanded that oil prices rise but even though the prices had been kept artificially low they were brought down even further in 1960 and OPEC, despite all its efforts, was not able to increase the oil price by one penny until 1970, that is, until a serious contradiction in interests between America and Europe made a price increase possible. Therefore, increasing oil prices required the removal of political barriers and required shelter in the form of contradictions in interests between America and Russia on the one hand and Europe on the other.

The second question is: in the event oil products prices had to rise, why are the oil-rich countries, including Iran, which have "benefited" from the above contradiction, the object of criticism? The answer lies in the limits to which the contradiction is being resolved, and to the benefit of which power. The existence of countries like Iran, Saudi Arabia and the Persian Gulf Emirates has meant that the oil-rich countries cannot resolve these contradictions in favor of the legitimate interests of the oil states. Through their games in OPEC (Saudi Arabia is the proponent of a minimum increase and Iran of a "reasonable increase"), the regimes of Saudi Arabia and Iran stalled the movement favoring price increases beyond the economic strategy of America; one of the greatest opportunities to have befallen the people of our countries in history is on the verge of being lost because of the blatant treason of these regimes. The chance for freedom from American dominance by exploitation of existing contradictions is close to being lost while America acquires more absolute power. In the black future, people will say that the 1973 coup d'etat against the opportunity which was open to the nations of the region was many times more treasonous than the 1953 coup d'etat.

To ascertain the real price increase situation, we will engage in the comparisons to which we referred at the beginning of this section, in a manner whereby in the subsequent subsection we will compare the prices of oil products with the rate of inflation and the price of other goods. The prices of energy derived from other materials (other than oil) will be discussed and compared in Section Two of this chapter.

Subsection Three: Comparison of Oil Products Prices With the Inflation Rate and the Exchange Rate Between Oil and Industrial Products, 1950-1974

First we will point out that not only have oil prices been dropping in comparison with the prices of Western industrial products--the OPEC oil export index even dropped every year, relative to the previous year, until 1970.

The following table will itself explain this point:

Table Two: Comparison Between the Evolution of the Industrial Products Price Index and That of the Oil Price (100=1958 Index)[15]

	1958	1962	1965	1966	1968	1970
Industrial products exported by industrial countries	100	111	128	136	147	156
Oil exported by OPEC	100	88	92	92	97	100

Following the increase in the price of gasoline and other oil products, the newspaper LE MONDE wrote[16]: "In spite of this increase in prices, gasoline is still cheaper than it was in 1957, in view of the decrease in the value of money!" This is a correct statement. The fact is that in spite of the increase in oil products, prices are still much lower than they were in 1947. In reality, the price of Persian Gulf area crude oil alone was in constant decline, relying on the rule of the rate of production, between 1946 and the end of 1969. The following table shows the courses of prices in practice and the course prices would have followed had their buying power remained more or less stable through increases in the price of oil. In this table, the annual inflation rate in the industrial economies has been assumed to be just 3 percent up to 1968 and since then 6 percent (these two rates are the minimum; the average rates in the industrial countries during this period were 4.5 and 7 percent respectively),[17] and the legitimate aspirations of OPEC that oil products price increases should be reflected in the price of crude oil have been assumed to total 2 percent of the price of Middle Eastern crude oil.[18] All in all, the increase in the crude oil price has been postulated at 5 percent up to 1968 and at 8 percent after that (half a percent below the OPEC estimate and the Geneva Agreement which set the increase at 8.45 percent on account of inflation). Accordingly, we have calculated the minimum price which ought to have been paid to the oil-rich countries:

Table Three: Comparison of the Course of Prices[19]

Year	Course of the Price of a Barrel of Oil in Practice, U.S.Dollars[18]	Course of the Price of Oil in the Event It Had Increased in Keeping with the Inflation Rate	Difference Between the Price Paid and Minimum Price Which Should Have Been Paid
1944-45	1.05	--	--
1946	1.20	--	--
1947	2.22	2.22	--
1948	2.03	2.33	0.30
1949	1.88	2.45	0.57
1950	1.75	2.57	0.82
1951	1.75	2.70	0.95
1952	1.75	2.83	1.08
1953	1.75	2.87	1.22 [sic]
1954	1.88	3.12	1.24
1955	1.88	3.27	1.39
1956	1.88	3.43	1.55
1957	2.06	3.60	1.54
1958	2.06	3.78	1.93 [sic]
1959	1.85	3.97	2.18 [sic]
1960	1.79	4.17	2.38
1961	1.79	4.38	2.59
1962	1.79	4.60	2.61 /sic/
1963	1.79	4.83	3.04
1964	1.79	5.07	3.28
1965	1.79	5.32	3.53
1966	1.79	5.75	3.86 [sic]
1967	1.79	6.21	4.42
1968	1.79	6.71	4.92
1969	1.79	7.25	4.46 /sic/
1970	1.72	7.83	6.11
1971	2.28	8.46	6.18
1972	2.47	9.14	6.67
1973[20]	3.75	9.87	6.17 [sic]
1974[20]	7.50	10.66	3.16

Comparing the prices which the plunderers of the oil have paid to its owners with the price used in accordance with the simplest and most prevalent method for accounting increases in prices and wages in capitalist economies, at the lowest rates of inflation--concerning the most important of products, which has no substitute or equivalent, what is more--will show one thousandth of the plunder of the oil-rich countries. In order to illuminate the volume of this blatant theft, we have multiplied out the volume of annual production in the Middle East by the amount of the oil price which was not paid to the people of its countries because of the dominant powers' reckless production and political decisions in the following table, and have calculated the total volume of the theft:

Table Four: Volume of Production and Price Which Was Not Paid[21]

Year	Volume or Production in the Middle East, in Millions of Barrels per Year	Price Not Paid (in Millions of Dollars)
1948	416	124.8
1949	511	292
1950	638	524
1951	670	630
1952	757	820
1953	895	1,080
1954	1,000	1,240
1955	1,185	1,648
1956	1,250	1,940
1957	1,285	1,980
1958	1,560	3,100
1959	1,805	3,940
1960	1,900	4,520
1961	2,060	5,340
1962	2,210	5,770
1963	2,430	7,310
1964	2,710	8,900
1965	3,044.2	10,750
1966	3,396.5	13,100
1967	3,635.5	16,000
1968	4,109	22,000
1969	4,510	21,000
1970	5,200	31,800
1971	5,900	36,400
1972	6,500	43,400
Total	58,077.2[sic]	243,593[sic]

Thus, between 1948 and the end of 1972, the industrial countries just as a result of inflation blatantly stole $243.6[sic] billion of the oil-rich countries' capital--that is, even by their own reckoning, paid for only one-third of the oil they removed, not paying one cent for the other two-thirds of it. In the 1940-70 period, when the posted price of oil was constantly declining, the dollar lost 70 percent of its purchasing power.[22] This is the role of inflation in the pillage by the dominated peoples and classes! As will be stated, this is just one-tenth of one percent of the theft.

We repeat that oil is a commodity without substitute and is absolutely without parallel: oil as energy still has no substitute. In addition, there is no other product from which so many byproducts can be derived and which participates as a raw material in all production activities. Such a commodity ought at least to have had a fixed purchasing power--that is a barrel of oil should have the buying power it had in 1947 in 1974 as well. However, in practice, the oil-rich countries had no choice but to triple their production in order to maintain the buying power of oil. This is the nature of the mechanism of oil resource pillage. Inflation compels the countries possessing raw materials to compensate for the drop in the buying power of the money they receive in payment for the raw material by increasing production. What is amazing here is that at the same time the price of crude oil was dropping through both the official price drop and the decline in the value of the currency, the oil products produced in industrial countries were rising! (Of course the increase in the value of products used as energy did not increase.)

Thus LE MONDE's statement turns out to be correct; in spite of the increase in prices in the current Christian year, the price of gasoline is still less than it was in 1957. The increase in prices at the start of 1974, under an inflation of 10 percent, will lose its effect and the gap between the posted price of crude oil and its real price will become at least $4 to $5. In other words, the West, by playing with prices, will continue the theft at the same volume as before--the same wine, the same bottle. (Mr Jamshid Amuzegar, in an interview he held in Algiers, stated "As a result of inflation and the drop in the value of the dollar, the buying power of oil revenues has declined by 33 percent and OPEC's measures have compensated for only 10 percent of it! What will happen if they raise the price of gold four times over, as they are thinking of doing?")

If we want to assess the volume of the theft and use the price of gold as a criterion, in accordance with the course of the gold price, we will go out of our minds. Every ounce of gold, which had a value of $35 according to the official rate, is today worth $168--that is, about five times the official rate. The importance of gold once lay in the fact that one could substitute it for dollars, but the deficit in the balance of payments of America and other countries brought matters to the point where drops in the value of paper money had become a means for raising other countries' claims on America.[23] Oil production at its current level and compensation for that in paper money means giving away a commodity whose value constantly increases and receiving paper money whose value is declining every day. It is just the dominated people who submit to this "deal" and are surrendering to it. Again, the West has decided to quadruple the price of gold; what then will the price paid for oil be?

When we calculate the buying power of oil in connection with the prices of that group of industrial and agricultural products and services which oil-rich countries are importing, we see that the extent of the theft which the industrial countries are carrying out just by playing with prices is much greater than that which previous calculations showed. In reality, the industrial countries sell by force as much as they can, and they sell expensive products (weapons of war, automobiles and luxury goods). In order to make sense of the volume of the decline in the buying power of oil in comparison with imports, we will carry out a simple unblemished measurement of the volume of Iran's imports and the volume of its oil production:

Between 1960 and 1970, the volume of Iran's imports increased 2.15 times[24] and the volume of oil output quadrupled. In 1960, oil revenues amounted to 53.5 percent of current payments, that is, we paid for imports and services with oil. In other words, if we wanted to pay in 1960 for all our imports by selling oil, we would have had to produce 90 million tons of oil; if we were to pay for all our imports in 1970 by selling oil we would have had to produce 400 million tons of oil--that is, 4.4 times more. However, had oil retained the buying power it had in 1960, in exchange for the 2.15-fold increase in the volume of imports, production would have had to total a maximum of 193.5 million tons in 1970, in the event we wanted to pay the price for all imports by selling oil. Again, people claim that imports are not completed goods but primary materials and intermediate and capital goods, that is, that their price is at least 20 percent below the imports of 1960. In brief, in one decade, in 1970 as compared with 1960, oil lost 55 percent of its buying power. When we realize that ready-made and assembled goods (intermediate goods) accounted for more than 63 percent of imports in 1970, and the price of these goods was at least 10 percent lower than the price of the completed goods, we will see that the purchasing price of oil decreased by about 60 percent just in one decade. In this entire period the Shah's regime, instead of at least keeping the buying power of oil stable, was itself a basic factor in preventing price increases; instead of increasing prices, the Shah made rapid increases in production his slogan, in the interests of his masters.

Section Two: Comparison of the Value of Energy Obtained From Oil With That of Energy Obtained From Other Sources of Power

In Section One of this study, we saw the role that inflation plays in plundering the dominated, how it results in the accumulation of wealth and capital, and how, because of the inflation of money the West does not pay for most of the oil it buys. The Shah, in agreement with American strategy, has recommended, and still insists, that the cost of producing oil be based on the criteria of coal and tar sands, or the cost of producing energy from other sources (the plan which Kissinger presented on 2 February 1975 to solve the energy crisis is exactly the same as that previously presented in the Shah's words: parity between the oil price and the cost of obtaining oil from other energy-producing sources). Since we have made informing the reader of basic information regarding the country's most important economic sector the object of our concern, we will here compare the prices of oil with those of "substitute materials."

The production of three types of substitute energy--atomic energy, solar energy and geothermal energy--has been the object of the industrial countries' attention. In addition to these three types of energy, there is also talk of obtaining oil from tar sands and of converting coal into oil. Here we will deal with possibilities for producing energy from the atom, the sun, subterranean heat, coal and sands and their production costs and problems, in turn.

Subsection One: Atomic Energy

Although atomic power plants are of different models and generate electricity by various methods, they all have one basis which is called the fuel cycle. This cycle begins with the mineral uranium and ends in the burial ground of atomic waste (after it is burned out, uranium is called atomic waste), where this refuse is buried. In the existing method of generation, the whole danger from the energy resulting from uranium consumption lies in this waste. This radioactive material is extremely dangerous and remains active, that is, radioactive, for a thousand years. It is not possible to eliminate the danger of radiation from atomic waste unless this waste is buried in very large salt mines. To indicate the gravity of the danger, one might point out that if Europe carried out its atomic energy generating program, within its present limits, Europe would have 1,300 cubic meters of this waste by 2000 and a salt mine 800 cubic kilometers in area would be needed to bury it![25] It must also be stated that emphasizing the danger of atomic waste does not mean that the use of oil, and especially coal, is without danger and has no effect on pollution of the atmosphere.

What is amazing here is that at the same time the people of America are intensely opposing construction of atomic power plants,[26] and the people of Europe are demonstrating against atomic energy generation, the Shah is giving Iranian oil to his masters at a trifling price and spending the revenues from it to buy plants (boilers) and train personnel to run them! His bayonets prevent anyone from asking him whether it would not be better, instead of buying atomic power plants--with the obvious dangers they entail for ours and coming generations--training personnel of thousands of people, and bearing the burdensome costs of constructing these plants, if we sold less oil, kept it for the future, and trained personnel for the oil industry.

1. Cost of Producing Electricity From Uranium and Comparison of That With the Cost of Producing Electricity From Oil

Electricity from Oil:

Table Five: Breakdown of the Cost of Producing Electricity From Uranium

	Percent
Uranium refining stage	30
Cost of uranium	24
Conversion of uranium to gas	3
Creation of combustible material composed of refined uranium coated with steel	15
Elimination of the danger of atomic waste	8
Financial costs, assuming interest rates during period of plant operation are 10 percent on the average	20
Total	100

Of course it is possible that, of the above components, the price of uranium could face important changes and that, in view of limited reserves, uranium-rich countries could demand a high price for the mineral. In this case, although it has been said that the price of uranium is not very significant, the breakdown above could change. In accordance with current costs, in the light of the composition of the above breakdown, a kilowatt hour of electricity is generated for 3.83 cents, 0.76 cents of which are the costs of production and steel, 2.13 cents are depreciation and 0.94 cents are the costs of refining the uranium. If we compare the price of electricity produced from uranium with the price of a kilowatt-hour of electricity produced from oil, we will see that the cost of a kilowatt of electricity produced from oil was 1 cent, that is, less than one quarter the price of electricity obtained from uranium, 1 November 1973, when oil prices increased, and after 1 November was 1.6 cents, which still is 2.4 times less than the price of a kilowatt of electricity derived from uranium.[27, 28]

2. Capital Investments Required

According to the calculations which have been made, between $145 and $150 dollars in capital in fixed prices must be invested to produce 1 kilowatt hour of electricity (in America in 1969 this capital investment increased to $202).[29] If we want to estimate the volume of capital required, according to the atomic electricity generation programs which America and Europe are considering carrying out by 1990, we must state that at least $1.5 trillion in capital will have to be invested in America and Europe.

America intends to increase its atomic power generation to 145,000 megawatts by 1980, 300,000 megawatts by 1985 and 500,000 megawatts by 1990. This volume of production will require about $700 billion in capital. If we assume that all of Europe will also make such capital investments, a total capital of $1.5 trillion will be required, in view of a probable increase in realized costs over the predicted level.[30] This, again, is on the assumption that oil will continue to flow to the West in this massive amount 25 years from now. Aside from the dangers of atomic energy generation, its high price relative to the cost of electricity generated from oil, and the time required to produce atomic energy (again, if the plants are smaller than a certain limit, their expenditures will be greater than their revenues), two big obstacles stand in the way of substituting the atom for oil:

The first obstacle is that of enormous capital investments. In reality, if the flow of oil is cut, the West will have no choice but to acquire the bulk of the energy it now obtains from oil from other materials, which will require immense capital investments. According to predictions, world energy consumption will increase by 4.6 percent per year and energy consumption, in billions of tons of coal, will in various years amount to:

Table Six: Energy Consumption in the World, in Billions of Tons of Coal[31]

Year	1967	1980	1990	2000
Volume of consumption	6.53	11	17	25

At the present time, 45 percent of the total energy consumed in the world is obtained from oil. If we convert the energy consumed into electricity, and assume that 45 percent of energy will come from oil every year, by 1990 the following table shows the volume of the world's energy consumption in electricity (billion kilowatt hours). In column three we have rendered the energy obtained from oil into electricity.

Year	Predicted Energy Consumption in Electricity (Billions of Kilowatt Hours)	Predicted Electricity Which Will Be Generated From Oil (Billions of Kilowatt Hours)
1975	25,500	11,500
1976	26,700	12,000
1977	27,900	12,550
1978	29,200	13,150
1979	30,550	13,780
1980	32,000	14,450
1981	33,500	15,150
1982	35,050	15,860
1983	36,700	16,580
1984	37,900	17,050
1985	39,600	17,850
1986	41,500	17,750
1987	43,500	19,600
1988	45,500	20,550
1989	47,700	21,530
1990	50,000	22,550

Now if we assume that starting in 1975 atomic energy will replace the energy derived from oil and that atomic power plants will operate for 25 years--that is, that capital investment after 1975 will be made only to increase production--and if we assume that the volume of capital investments, calculating depreciation and interest on the capital, will be $1.4 trillion for every billion megawatts of electricity:

Table Eight: Volume of Capital Investment Required To Obtain All Energy Consumption From the Atom in the Next 20 Years

Year	Production of the Necessary Energy, in Billion Kilowatt Hours of Electricity	Volume of Capital Required, Billions of Dollars
1975	11,500	16,100(/sic/)
1976	500	700
1977	550	770
1978	600	840
1979	630	882
1980	670	938
1981	700	980
1982	710	994
1983	720	1,008
1984	750	1,050
1985	800	1,120
1986	850	1,190
1987	900	1,260
1988	950	1,330
1989	980	1,372
1990	1,020	1,428
Total	20,830	31,962

If we assume that the operating life of an atomic power plant is 25 years(*), the realized capital for a 25-year period must be calculated. (The life of an atomic power plant is 25 years. Thus, the life of the power plants purchased by Iran will end with the life of the oil wells. It is not clear what the purchase of American plants under a French cover will solve.) Here we have estimated total necessary capital investment, because although the period of depreciation is 25 years, it must be paid in advance.

If this calculation, which has been made in accordance with published data--not actual, confidential data--is free of error, the volume of capital investment required to substitute energy from other non-oil sources for oil will be about 20 times the gross national product of Western Europe and America. However, in these 15 years the most the West will pay for oil (not the income of the oil countries, but their revenues, those of the oil companies, and capital investments in oil combined) will total one-sixth the above amount. In other words, the flow of oil will result in capital savings of at least $25 to $26 trillion, or 17 to 18 times the total of all the gross national products of the countries of Western Europe and America, in the next 15 years. When we realize that all the oil revenues are put to use in the economies of the West and that this capital, which is saved, returns at least 10 percent of revenues per year to the West, and that oil creates dozens of industrial fields in which it is used as a raw material, we will see why matters bearing on oil are always confidential and why economic analyses are not allowed to explain the role of oil in the growth mechanics of the industrial economies.

The second obstacle is uranium reserves. In reality, one atomic power plant with a fixed water pressure system and a generating capacity of 1,000 megawatts will need 4,500 tons of uranium in its 25-year operating cycle,or 180 tons per year. Uranium reserves of the non-communist countries are as listed in the following table:[32]

Table Nine: World Uranium Reserves

Nation	Resources Which May Be Produced for $10 Per Ton, in Tons	Annual Production Volume, in Tons
Canada	175,000	10,000
United States	200,000	17,500
South Africa	155,000	4,500
France	35,000	2,600
Nigeria	20,000	1,500
Gabon	10,000	400-700
Central African Republic	10,000	500 minimum
Australia	10,000	1,100
Spain	8,000	400
Portugal	7,000	200
Various countries	20,000	300
Total	650,000	38,000[sic]

If the technical process remains as it is and production increrses at its current rate, uranium resources will be used up by 1980, or at latest by 1985. This amount will be used in generating electricity; in view of the volume of requirements of a 1,000-megawatt atomic plant, this will meet no more than a trivial amount of total energy consumption.

The reason is that the processes which have been employed use less than 1 percent of the uranium's atomic energy. If an adequate budget is set aside for reserach and if techniques which have now been tested successfully are perfected, the energy potential of 1 ton of uranium, which is now equivalent to 8,600 tons of oil, will equal that of 600,000 tons of oil. In this event, 1.8 million tons of uranium (the uranium in the above table, in addition to uranium which can be mined at high production cost) will produce energy at least 10 times greater than that in existing oil reserves.[33]

If to that we add deuterium, thorium and lithium, which can also be used in atomic breeder reactors, the energy which can be obtained will be several million times greater than the energy from existing oil, coal and gas reserves. It is said that atomic wastes can also be recycled[34]. However, the majority view regarding the dangers of atomic energy still is that these dangers exist and are destructive to man.[35]

However, these promises are being made for the end of the present century, that is, after the oil is used up, and the predictions are accompanied by an inordinate optimism. Naturally, in view of heavy capital investment costs and the presence of oil at no cost, capitalists see no reason to think seriously of producing energy from sources other than oil, although they are well aware that if oil is saved and used for petrochemicals instead of to produce energy, every barrel of oil will be th at least 10 times more[36] and thus they continue the policy of producing oil in the maximum amounts in the minimum time. The oil companies promise that by the end of the century 60 percent of their group's activities will involve chemicals![37]

If we compare and contrast the table on uranium reserves with the table on oil reserves, we will see that the policy of countries which have uranium but not oil is to burn up the oil profligately and excessively and delay in creating the potential for producing energy from other sources, in particular the atom. The Shah is sending oil toward the industrial countries in a flood and promising the people of the country in its place that he will not fall behind the industrial countries in producing energy from the atom!

The end result is that the West, deliberately, and to the detriment of all mankind and the coming generation, wants to provide the capital necessary for its investments in the fields of energy, chemicals and so forth, by plundering the oil resources of oil-rich countries. A moment of contemplation and cogitation on the figures of the capital investments which must be made, just in the energy field, in the event the West's flow of oil is cut off will make it clear that the present price of oil is many times less than one-tenth its real price.

Because the cost of producing energy from coal is not less than that of producing energy from the atom, we will refrain from comparing the price of oil with that of coal. We will just mention the point that aside from the extremely deleterious effects of producing energy from coal in polluting the atmosphere, the only countries which can use coal at reasonable cost are assumed to be America, China and two or three other countries.

Subsection Two: Solar Energy

Solar energy can be exploited in two ways, by conversion into electricity and direct use.

1. Conversion of Solar Energy Into Electricity

If one wants to convert solar energy into electricity, production costs will be several times greater than those of producing energy from the atom, because of technical problems. These problems are of two categories:

Category one: 1. The fact that the sun does not shine to the requisite extent on some areas of the earth's surface. For example, it is possible to observe sun throughout the year in adequate amounts in southern Europe but not in northern Europe, because the sky is covered with clouds. 2. Storing energy at night is a problem which exists with respect to sunny countries and cloudy ones both.

Category two: 1. The cost of transporting energy is very high because of the great distances between sunny areas and cloudy places. 2. To convert the energy of the sun into electricity, there is need for conversion cells. The number of such cells must be great and their dimensions very large. In order for us to get a notion of the dimensions of these cells, we can say that if we were to generate enough electricity from the light of the sun to meet the electricity needs of America, we would under current technological conditions need an area of 15,000 square kilometers in a place where the sun shines every day and a large number of gargantuan cells. America will spend $3 billion in research to derive energy from the sun in the next 15 years and it is predicted that 20 percent of America's energy will be generated from the sun in 2020.[38] At the present time satellites derive their energy from the sun; energy conversion is carried out by cells (mirrors) made out of silicon which convert only 11 percent of the sun's energy into electricity at the exceptional cost of $270,000 per kilowatt of electricity! Again, in order for us to gain an idea of the high cost of the electricity supplied in this manner we can say that a British company has recently employed a model for establishing a system by constructing cells in a satellite which generate 12 volts of electricity by absorbing sunlight (as much as an automobile battery) at a cost of $4,000 to $4,500. Thus if we want to use the cost of producing electricity from the sun as a criterion for setting the price of oil, the figure which the West must pay for oil will be astronomical.

2. Direct Use

This method can be employed only in heating homes. Houses must be built in such a way that their walls are able to absorb solar energy. Still, two things make the cost of generating energy very high--one, sunshine, and two, energy storage overnight. These two methods are still in the planning stage and, because of slow technical progress in these fields, the use of solar energy will not advance from fantasy to reality by 2000.

Thus, although solar energy could be at the disposal of man's use more rapidly, the electricity generated by it will ultimately be very expensive because of the need for great mirror surfaces and transportation. One can benefit from this system in warm, sunny areas.

In this regard also cheap oil is an obstacle to the provision of adequate budgets for scientific research and the acceleration of technical perfection. It is certain that not only will allocating oil to petrochemicals enable man to make proper use of the oil--it will also obligate the industrial countries to find an immediate solution to the energy problem. But how can this be possible when satellite regimes place abundant oil at their disposal free of charge?

Subsection Three: Geothermal Energy or Energy Latent in the Ground

People also talk of this form of energy as a competitor to oil. We know that the closer we get to the center of the earth the greater its heat becomes. The factor in creating this heat is the decomposition of radioactive materials present in bodies and materials which make up the earth. One can consider this energy infinite. However, like other forms, this energy exists in an unequal manner in the earth: the average rate of temperature increase is 3 degrees for every 100 meters, but this temperature increase comes to 5 or even 14 degrees in some areas while in other areas it does not exceed 1 degree.

Moreover, the energy latent in the ground cannot be stored or transported to remote areas as oil or coal can. One can convert the energy of water under the ground into electricity and use it in areas adjacent to the well. However, the hot water under the ground itself cannot be used directly, because dangerous materials are present in it.

Costs of Production

Use is at present being made of this energy in some countries like France and Poland for heating houses. In French plants, 83-degree water from warm water springs heats 2,000 homes. According to a calculation which was made in April 1973, the cost of heating a square meter with hot water was 103 French francs whereas the cost for the same area with oil totalled 78.2 francs. After the oil price increases, the expensive use of hot water from springs (not hot water underground) became much more economic than oil use; the costs of heating by hot water were 20 percent lower.

At the present time all industrial countries make use of this energy more or less. For example, America has allocated about $600 million in capital to exploit this energy over the next 10 years. However, the use of hot underground water existing 1,800 meters below ground at temperatures of 60 to 70 degrees faces three problems:

1. Purifying the water of chemical materials.

2. One cannot heat more than 2,000 houses with the 100 cubic meters of water which can be produced per hour.

3. Finally, the exploitation of this energy causes underground water to cool at the rate of 1 degree per year. As a consequence one cannot use this energy for more than 30 or 40 years.

Therefore there are various solutions to the energy problem but, as long as oil flows in a flood to the West, free of charge and in abundance, capitalism's deficient reasoning will rule in favor of preserving the energy sources and accumulating enormous capital by converting oil into energy.

Subsection Four: Oil Shale and Tar Sands

These shales are rocks which contain a solid organic matter known as kerogen. At a temperature of 450 to 500 degrees, kerogen yields a heavy oil whose specific qualities are close to those of heavy crude oil.

At the present time, half the exploitable reserves of these shales exist in America, in the states of Colorado, Utah and Wyoming. It is stated that 600 billion barrels of shale oil can be extracted from these rocks.[39] The shale oil can be extracted in two ways. One is to mine and boil the rock and the other is to heat the rock, separate the oil from the rock and remove the oil by pump. The latter method has the advantage of not requiring that the rock be mined and that space be obtained in which to dispose of the mined rock from which the oil has been extracted.

In 1968, these deposits were put up for bid, but, because of the high costs of production and the existence of free Middle Eastern oil, the oil companies did not take part in the bidding. In 1972 these deposits were again put up for auction but extraction of this oil still did not enter the implementation stage. In 1972 it was predicted that if a plant went into operation with a capacity of 100 barrels per day and were to realize a 12 percent profit, it would have to sell its oil for $3.74 a barrel.[40]

Tar sands, which are mainly to be found in Canada and the United States, contain 300 billion barrels of oil. Commercial exploitation of these sands began in Canada in 1967 when a plant began operating with a capacity of 45,000 barrels a day. However, the plant met with failure and the operating company lost $87 million. The sands, which form a sticky paste, occupy a great amount of space after the oil is extracted. If all the oil in these sands is extracted in the manner employed in Canada, the entire continent of America will be buried under sand by wind. Thus it is intended that a method be discovered whereby the volume of the sands will not change, and in particular will not be moved, when the oil is extracted, but the road to that goal is still very far away.

On extracting oil from coal, we can state that the difference in production cost in the past 20 years (1953-73), according to an estimate by an Arab expert, would have come to $1 trillion.[41] This estimate in itself indicates that our estimate of the cost of producing energy from the atom in the next 20 years is the minimum one.

Subsection Five: Conclusion and Results of the Discussion

Thus, as has been stated with respect to the different types of energy and the projects bearing on them, in a manner which has attempted to be brief, simple and comprehensive, there is no longer room for doubt that:

1. The energy problem is not insoluble. In the event expectations of capital accumulation and power permit and the world is freed of relations of dominance, it will be possible to provide the necessary energy from other existing resources, under conditions and in a manner that will not leave lethal effects on the existence of nature and man, by avoiding unfettered extravagance in energy consumption and assigning the costs of producing energy to the industrial countries. The dominant industrial powers do not want to devote a nickel to producing energy from other sources. Their policy apparently is to produce and remove the oil to the last drop and thereby create and accumulate enormous capital within their own countries, spending part of these capital resources, which really belong to the oil-rich countries, to produce energy.

2. The actual price of oil in comparison with the cost of energy from other sources--even leaving aside oil's numerous distinguishing characteristics and forgetting that in the event the oil is used in chemicals the price of a barrel of crude oil will be 10 times that of the price of oil at the present time--does not come even to one-fifth the price it ought to, in view of the enormous capital investments which the production of energy from other sources requires. In fact, when people say that a barrel of oil produced from coal will cost $11 to $12, thus that the price of oil should not go above this level, they are hiding from public opinion the fact that the oil which is at present flowing toward the West is being exploited without need for capital investment. The fact is that the industrial countries, by keeping the price of oil down, are paying the price of installations from the revenues of the oil itself--that is, out of the wallets of the oil-rich countries--and if they wanted to procure energy from other sources (which moreover will not be possible for another 15 years, because the necessary capital is not available and technical progress is slow), as has been stated, they would have to invest many times the 1975 gross national product of America and Europe in energy facilities over the next 15 years. What this means is that even if the industrial countries spend all their gross product producing energy to replace energy from oil,

they still will not be able to obtain energy equal in amount to that derived from the oil. The ordinary existence of industrial countries will not be possible without oil for at least another 20 years--leaving economic growth to the side. Thus it is clear that a mere simple comparison of production costs is not enough to determine the price of oil--one must also take into consideration the volume of capital which must be put to work in this field and the effect of the allocation of capital to producing energy on the decline rate of the overall complex of economic activity. When we take these things into consideration, we further discover the dimensions of the treason which has been committed against the oil-rich countries and the volume of the plunder extracted from them.

Will awareness of these facts save us from bondage to ambiguous mentalities and unhealthy encounters? Will it awaken in us the consciousness and awareness of the need for national unity? Will it inspire in us the will for unity? One hopes so.

Part Two, Chapter One: Footnotes and Sources

1. Regarding price determination within the limits of American economic strategy, one can also, in addition to the Paris Manifesto and Newsletter 31 of March 1974, refer to Taki Rifai, "La Crise Petroliere Internationale," REVUE FRANCAISE DE SCIENCE POLITIQUE, No 6, Dec 1972, Paris; chapter two of the book by J. M. Chevalier, "Le Nouveau Enjeu Petrolier," Paris; and finally the report "Interrogation sur le Future" (mimeographed), p 155, which was drawn up in 1973.

2 and 3. Regarding the "removal of limits" on oil production and America's choice in determining oil prices, see the abovementioned article by Taqi Rifai and also the book "The Price of Middle Eastern Crude Oil" translated by Mohammad Mohtadi, August 1966, published by TEHRAN ECONOMIST, Chapter 5.

4. Full proof and evidence of the deficiencies of economic forecasters, who do not take all aspects of the issue into account and proceed to forecast, and forecast the future as well, without attention to the fact that the issue of setting prices is political and without assembling all elements and diagnosing the entity which these elements combine to create, is the book published by the French Plan Organization Commissariat. In reality, six months before the crisis and the increase in prices, in accordance with the rate of growth (unlimited production) of oil product output, that oil prices would not increase in the decade 1970-80, or even in the decade 1980-90, even though production costs would rise! See "Plan et Prospectives," Commissariat General du Plan, Paris, first quarter 1972, pp 78-80.

5. Table quoted from the mimeographed text cited above, "Interrogation sur le Future," p 143.

6. REVOLUTION AFRICAINE, 24-30 January 1975, pp 22-24.

7. Regarding America's balance of trade and balance of payments, and their effect on the status of the dollar, see chapter five of the book by Claude Henry, "L'Affrontement des Monnais," Ed Ouvrieres.

8. Regarding America's balance of trade in the early part of the decade 1970-80, see pp 60, 61 and 72 of "Perspectives Economiques de l'OCDE."

9. "Main Economic Indicators," pp 82-3.

10. See statements by American officials on the volume of the American budget deficit in the future, as listed in NEWSLETTER, March 1974.

11. Regarding continued increases in prices when producing countries are in the sphere of the industrial countries, in particular America, see Paul Bairoch, "Diagnostic de l'Evolution Economique du Tiers-Monde 1900-1966," pp 159-69. According to the table on p 167 of that book, the prices of the raw materials imported by the industrial countries increased 5 percent while the prices of the same products decreased 16 percent when the exporting countries were dominated ones, in the period 1952-65!

12 and 13. Regarding the price increases since 1967, especially increases of products which are under American domination, see Chapter Two, "Conference des Nations Unies sur le Commerce et le Developpement," Volume Five. It is interesting that before it was nationalized, when its production was an American monopoly, that is, in 1970 as compared with 1960, the price of Chilean copper doubled, but as soon as it was nationalized, that is, in 1971, the price index dropped from 226 to 173 and in 1972 the price continued its downward trend!

14. See MAKTAB-E MOBAREZ, No 16, pp 29-30.

15. "Annuaire Statistique des Nations Unies, 1972," quoting from the book on Algeria's report to the heads of OPEC member states, p 122.

16. LE MONDE, 29 Jan 1974.

17. The 3 percent inflation rate is America's since it exports part of its inflation by exporting capital and so forth to other countries. The inflation rate of the other countries was from 4 to 6 percent and in some areas 8 percent, up to 1968. Since then the inflation rate in America itself has been close to 6 percent. For the inflation rate in America and the industrial countries, see Chapter One, Maurice Flamant, "L'Inflation," Editions Que Sais-Je? Milton Friedman, "Dollars and Deficits," chapter related to American monetary history, and, in particular, Table One, pp 14-15, OCDE, "Les Politiques Actuelles de Lutte Contre l'Inflation."

18. OPEC Resolution quoted from the book "Le Nouveau Enjeu Petrolier."

19. The prices quoted are from various sources. Those for 1944 and 1946 from p 74 of T. Rifai, "Les Prix du Petrole," Paris, March 1974. As is noted, oil prices did not change from the pre-war to post-war period, while prices from 1935-36 to the post-war period increased from 3.5 to almost [illegible] times, depending on the country. Pierre Mendes-France and Gabriel Ardant, "Science Economique et Lucidite Politique," IDEES, Paris, fourth quarter 1973, p 125. For the years 1947-62, from the book "The Price of Middle East Oil" cited above. From 1954 to 1970, from the magazine INTERNATIONAL PETROLEUM INDUSTRY, the book "Le Nouveau Enjeu Petrolier," and the English language publication PIW, February 1974.

20. The actual prices, not the posted prices, are mentioned for the years 1973 and 1974. That is, in June 1973 the price of oil was $2 per barrel and in November it was $3.60 or at most $3.75. In January 1974, oil prices rose to between $7.50 and $8.50. See "Deux Ans de Crise Petroliere," p 16. For material and information on the real and nominal price, and America's role in determining oil prices, see T. Rifai, "Les Prix du Petrole." (For prices, Chapter Seven, for the role of the political factor in determining prices, Chapters 13 and 14.)

21. We have quoted the volume of oil production in the Middle East up to 1959 from the table cited at the end of the book "The Price of Middle East Oil" and thenceforth from annual reports of the Central Bank (from 1963 to 1972).

22. See the publication of the American Institute for Economic Research.

23. Regarding the link between gold and the dollar and Europe's demand, in DeGaulle's words, that the dollars in the European's possession be exchanged for gold, see Jean Lecerf, "L'Or et les Monnaies, Histoire d'Une Crise," especially Sectior One, Jacques Kahn, "Pour Comprendre les Crises Monetaires," and also "L'Affrontement des Monnaies."

24. Cited from the United Nations publication mentioned above, Table 3A, p 109.

25. See Chapter Two of Louis Puiseux, "L'Energie et le Desarroi Post-Industriel," Paris, fourth quarter 1973.

26. Regarding opposition to atomic power plants, see pages 291-305 of the book by Michel Grenon, "Ce Monde Affame d'Energie," Paris, first quarter 1973.

27. Le Nouveau Enjeu Petrolier, p 250; we point out that according to a study which a group of French experts have made, in order for the price of energy derived from the atom to be able to compete with the price of energy derived from oil, the price of a barrel of crude oil for industrial

consumption must increase to $19 and for household consumption to $35. See the report concerning the choice of energy suitable for France, "Alternative au Nucleaire," February 1975, p 27.

28. Calculations which have been made in America, the existence of uranium ore in America itself and the high cost of mining coal and producing oil in that country, make it probable that the cost of producing electricity from coal and oil will approach that of producing electricity from the atom. However, this concerns America alone and does not apply to other areas of the world. See "Plan et Perspectives," Commissariat General du Plan, pp. 135-180.

29. Op cit, pp 166-7.

30. See pp. 146-160, "L'Energie et le Desarroi Post-Industriel," LE MONDE, 10, 11, 12 and 13 March 1973; D. Beauchard, "Energie Nucleaire et le Jeu Mondial des Petroliers."

31. The source of the figure of 4.6 for annual energy increase is "Memoire Presente par l'Algerie a la Conference des Souverains et Chefs d'Etat des pays membres de l'OPEP," Algiers, March 1975, p 251. This book gives the figure of 4.9 for the annual increase in the years 1960-1972 and 4 for the years 1975-1990. See also the Statistical Appendix of this book.

32. P. 179 of the book "Plans et Prospectives" and also Bernard di Crescenzo, "Crise de l'Energie ou Crise Politique," Paris, first quarter 1974, p 185.

33. Report by the European Energy Agency, quoting from p 250 of the book "Le Nouveau Enjeu Petrolier;" other estimates also reach the same conclusion.

34. Pp 48-9 of the book cited in note 25.

35. Regarding the dangers of generating electricity from the atom, see pp 291-305 of the book cited in note 26.

36 and 37. Regarding the value of oil in the event it is used in petrochemicals and the program of Royal Dutch-Shell Corporation, see "Plan et Prospectives," p 30.

38. LE MONDE, 26-27 May 1974.

39. This is the figure which Nixon gave in August 1971.

40. "Le Nouveau Enjeu Petrolier," quoting from WORLD PETROLEUM, May 1972, p 21.

41. Ali Maashtah, Dr Mohamad Ali, "Oil Prices and the Strategy of Economic Liberation," Baghdad, Second International Seminor, November 1-4, 1974.

Chapter Two: The Transfer Movement of Oil Revenues

"We will be absorbing the oil revenues in another 3 years, will be faced with a capital shortage and will turn to the capital markets of the industrial countries to take out loans."

Statement by Abdolmajid Majidi, managing director of the Plan Organization, to TIME's correspondent, TIME, November 1874.

If the reader of the present discussion has read the previous discussions concerning oil, oil prices and the place and status of oil in the industrial economies in our study, he can now easily guess what role oil revenues can have in current world relations. Since we have studied that part of the oil price which is raised in compensation for inflation but not paid out in Chapter Two, and have shown how part of the oil price which is paid out in name is not officially paid out, we will not address ourselves to that in this chapter. We will just state that by understanding the exact relations which are established, through oil, between the industrial countries and the oil-rich and non-oil states, we determined the direction and course of the oil revenues of the oil states one whole year in advance--that is, at the same time that oil prices were rising--and published that in an analytical statement in a foreign language.[1] Today, now that this prediction has become reality, we will publish the same statement and analysis in more extensive form. In this chapter, we will try to sketch out the course of the transfer movement of oil revenues in the light of the particular dynamic of each of the interrelated economies. The process of capital and power concentration and accumulation on a worldwide scale requires changes in the interrelationships of industrial countries, and relations between these countries and the rest of the world, and naturally the method of spending oil revenues has an important effect on these changes.

In reality, the crisis in the industrial countries is the result of the dynamic of assimilation, that is, these economies' special dynamic whereby the process of the concentration of resources and workforces, and consequently of capital, in the industrial countries requires changes which of course cannot easily be consummated because of social resistance. These changes require enormous capital. In reality the cycle of capital depletion becomes shorter and shorter, production must be applied more and more rapidly to new forms of consumption, and the propensity to consume must be constantly increased, so that the volume of consumption may permanently stay above the level of production and capitalism can bring the rate of profit on capital to a maximum. These processes require the constantly increasing stimulation of international trade. Aside from this, in order to absorb among other things products which must inevitably be produced in the current transitional stage (such as durable goods, automobiles, refrigerators and so forth)--although markets in the industrial countries themselves are in the grip of recession--and for dozens of other reasons, capitalism needs replacement capital so that the voracious companies can put their capital in new fields. In a word, capital requires a secure future free of dangers and it must organize the absorptive sector of the economy of the dominated countries in advance by assimilating these sectors as a result--by consuming these countries' sources of wealth in advance. Therefore, the relations which exist between dominant and other economies are relations of intensifying inequality. These relations themselves show that the dominated societies and economies are ones which become rapidly fragmented, to the point where some of their sectors become assimilated into the economy and the social system of the dominant world power.

Of course these societies and economies do not easily yield themselves to fragmentation, and they resist; it is this resistance which one seeks to eliminate by force. It is for this reason that the atmosphere of hostility in the world is constantly becoming more charged, and armies are growing bigger.[2] The totality of these relationships dictate how the oil revenues are to be spent. As we have seen[3], price increases create nothing--they are just a tribute from oil-consuming countries which follows its own course of transfer movement. The "Eurodollar" is converted into the "petrodollar". This income comes from the consumers in European countries, Japan and so forth and,after being registered in the credit columns of the oil countries, is poured into the credit accounts of world capitalism, whose motherland is America, through expenditures of various types. The oil or economic crisis of the present is a crisis arising from this transfer movement of capacities, wealth and capital (including oil and oil revenues) and their concentration and accumulation in the hands of the great multinational corporations which create, and depend upon, America's great power.

The transfer movement of oil revenues is carried out either directly, in the form of "capital investments," or indirectly, in exchange for the purchase of goods and services, in the form of prices for goods and services. The direct and indirect transfer movements of oil revenues, or expenditures on which oil revenues are disbursed, are of many kinds. We will try, in studying each of these, to show its function in the relationships of the four dynamics of assimilation, fragmentation, inequality and hostility. The data and figures we will use are mostly related to Iran, but one can consider the present study to be an accurate description of the oil-rich countries.

Section One: The Direct Transfer Movement of Oil Revenues

To perceive the role of these capital investments, one must be well-versed in several matters.

It has been stated that an innovation has occurred in the American economy, that is, that American capitalists have discovered that it would be better, instead of investing capital from their own revenue accounts, to make capital investments through bank loans, since, by doing so, they will reduce their taxes through the interest they will pay and this will increase the rate of profits.[4] However, this is not a new phenomenon. It has been in effect in Iran for a long time, and cannot be unprecedented in the West. In reality, people who have control over the banking and production systems in their hands organize capital in such a way that the major enormous, profits go to people who possess a monopoly of the management of banking, industrial and other institutions. This statement has become obvious through an investigation into the subject of the sale of stocks to workers and white collar employees in Iran,[5] and studies which have been made in regard to industrial economies show that the situation is as follows in these economies as well:[6]

Table One: Yield of Different Types of Capital

Capital	Approximate Limits of Annual Yield
Capital of those in control	25 to 50 percent
Common Stocks	4 to 12 percent

The figures are obvious and revealing: the concentration of the power to take decisions, and the hold over the administration of production, in the hands of people who hold control over productive institutions, play a determining role in the orientation of capital and in the distribution of the profits derived from the institutions. Concentration of capital in reality means the concentration of the power to take decisions and control over the monopoly of the administration of capital by those who run the industrial economies. Therefore, until the administration of an industry, from the technical, administrative, and commercial standpoints, from the standpoint of transformations, in terms of the future, and so forth, can belong to the owners of capital, the basic profits of capital investment in industry--even if all the capital in it is from a country such as ours--will revert to those who have control over that industry.[7]

Therefore, foreign capital investment acquires different and sometimes contradictory meanings in economies with unequal structures and absorptive capacities. This explains why the effects of capital investment in the dominant economy are contradictory to those of investment in the dominated economy. In the former, depending on the extent of its assimilative power, capital investment manifests all its effects not only in that economy; it also subsumes the assimilative power of that economy and its powers to subjugate economies which are capable of being subjugated. Foreign capital investment in dominated countries, however, requires not only that its effects are created outside that economy but also that the rate at which the branches of the dominated country which can be assimilated turn foreign accelerates and that such an economy's needs for foreign revenues increase constantly.[8] For example, the effects of foreign capital investment in Iranian oil or oil industries go to the industrial economies along with and in accompaniment with the export of the products, because our economy cannot consume the products of these fields, whereas our capital investment in the German or American economy manifests all its short, medium and long term effects in those economies, that is, causes the volume of concentration and accumulation to accelerate. Of course, in the event economic structures are unified, foreign capital investments will acquire different and sometimes contradictory meanings depending on the assimilative power of the economies, the direction capital investment takes and the effect it exerts on capital concentration and accumulation. Therefore, capital investment by Europeans in America does not have the same meaning and sense as capital investment by Americans in Europe. Put briefly, as we saw in the discussion on the role of oil in the growth of industrial economies[9], "post-industrial" "developed," "developing," and "non-developed" are not different phenomena which exist in various national jurisdictions for purely domestic reasons; they are single phenomenon, the result of the concentration of sources of wealth and human capacities and, as a consequence, the accumulation of capital on a worldwide scale and they cause, are caused by, are concomitant with and accompany one another. Therefore the matter of finding a place for capital investment is subordinate to the expectations, concentration and accumulation of power throughout the world. Thus America, by using its dominant banking system and by using the dollar in the guise of an instrument of power, invests the capital belonging to the peoples of the world here and there, in this field and that, in accordance with capitalism's need for accumulation and concentration and in keeping with the needs of its social system, and of subordinate social systems, for political stability. The comparative table on the following page is a summary of this explanation and shows the current orientation of economies and their status in the future.[10]

Schematic Table of Power: World Concentration by Rank and Relative Centers of Accumulation

	Preindustrial	Industrial	Post Industrial
Various Areas of the World	Asia, Africa and Latin America	Western Europe, Soviet Russia and Japan	America
Economic Sectors	Primary: production: agricultural, mines, fishing, forestry, etc.	Secondary: production of industrial products, processing	Tertiary: Services: Transportation, recreation Quaternary: Commerce, financial affairs, insurance, real estate
Employment Scale	Unskilled workers, farmers, miners, fishermen	Semiskilled workers, engineers	Technical and professional scholars
Technology	Raw materials	Energy: growth stimulant	Information
Design	Game against nature	Game against fabricated nature	Game between persons
Mode	Commonly felt experience	Empiricism experimentation	Abstract theory: models, simulation, decisionmaking theory, systems analysis
View of time	Orientation toward past, temporary and ad hoc responses	Planning for preparation and ad hoc adoptiveness projections	Orientation toward the future and forecasting
Fundamental Axis	Traditionalism, limitation of land and resources	Economic growth, government or private control of capital investment decisions	Centralization and codification of theoretical knowledge

This table has been translated from SURVEY AND JOURNAL OF EAST AND WEST STUDIES, and we have cited the original important English_words in the table for ease in comparison with Western sources below /translations carried in table/.

The inequalities reflected in this table are present in all countries and one can treat this table as a table of general worldwide comparison. As the above comparative table shows, many industries in the course of transition to the post-industrial stage, have no hope of surviving into the future because of changes in the structure of production and consumption; these industries are of several groups. The products of some (such as the oil industries) are of the first rank of importance for the West; the products of another category (such as industries producing durable goods) are still very important but other products will be able to replace them or they will not be consumed at all in the future--or their products will be consumed in the future but, because of changes in the consumption structure, their markets are beginning to be limited in the industrial countries and as a consequence profitability in these industries has dropped and will continue to drop although the industrial countries, especially America, cannot limit them or shut them down overnight. A relatively lengthy period will be needed before the necessary capital will be made available and put to use in the new fields and the workforce and markets in the dying industries are absorbed; otherwise the social side-effects of this economic transition will render the preservation of existing social systems impossible and will disrupt all fields.

At the present time it is not possible on the one hand to suspend the growth of existing industries overnight (to say nothing of suspending the industries themselves) although the consumption of their products in the West itself is in decline; on the other hand, the surplus of consuming power over the power to produce has created an accelerating inflation which must be harnessed by new capital investments in fields whose products can absorb consuming power. Under these circumstances, what can be done except to replace the capital of "others" and transfer one's own capital into pioneering fields? In this fashion, a relatively permanent market comes into existence in the capitalist country and the effects of the capital appear in the dominant economy.

Finally, there are productive fields in which capital investment causes the terms of trade between America, Europe and Japan to change to the benefit of one and the detriment of another. Because America's economic power is not absolute, and the latter economies have the power to change relations between themselves and America radically[11], and in view of the importance of keeping the dollar in its position as the dominant currency and the instrument of power, the issue of the terms of trade between America and the other industrial countries is of utmost importance. The issue of a "motherland" of world capitalism like America, or the transfer of centralism to Europe, is at issue here. If America can remain the motherland it will of course be able to compel Europe and the rest of the world to accept the side-effects that arise from its assimilating the world into itself; one of these effects is the inflation imported from America.

In the light of the above explanations, it is clear that the types of capital investment, and the fields in which capital is invested, will be the subject to the above variables in the event the dominant power takes a decision regarding them. In other words, in the event the revenues of oil-rich countries are put into oil industries, machinery and automobile construction, chemicals, and military and electronic industries, they will fall under the jurisdiction in reality of the dominance of American capitalism, because 65 to 70 percent of the production in these fields is a monopoly of America.[12]

In the light of the above clarifications we will look into Iran's capital investments (and the capital investments of the other oil-rich countries, to the extent the data permit).

These capital investments are of two types.

Subsection One: Substitute Capital Investments

Published information shows that our prediction[13] was correct and that the basic capital investments were made in the oil, military and machine manufacturing industries.

Oil industries are among those whose products are a matter of critical need for the West, but they themselves have no future. The oil companies, which have a monopoly of energy production, have already prepared themselves for the period to come after the exhaustion of oil reserves. Therefore, to the extent they can do so, they assign the necessary oil industry capital investments to the oil-rich countries. Since control of the industry is in the hands of the companies,[14] the basic profit reverts to them; at the same time this gives them the ability to put their resources to work in fields which yield a large profit and also lead to their continued and strengthened status in production.

If we estimate the capital investments the oil industry will require during the decade 1975-85 at $350 billion,[15] this will total an annual average of $35 billion--a very great amount. The more the oil companies remove these capital investments from their own shoulders and place them on the shoulders of the oil countries, the more they will improve the balance of payments of America, the homeland of the international companies, and the freer their hands will be for putting their capital to use in new fields of energy and other areas. The companies try to recoup the oil-rich countries' capital in three ways, in the name of capital investment:

1. Selling capital investments which have been made, or, so to speak, giving the oil-rich countries 51 percent participation in the companies' capital (or $3 billion, which is greater than the total net assets of all the oil companies operating in the entire Middle East).[16]

2. Casting the burden of new oil production capital investments on the shoulders of the oil countries.

3. Placing the burden of necessary capital investments in transportation, refining and distribution on the oil countries.[17]

Iran has paid the money for the oil installations as compensation and, in accordance with Article 8 of the new agreement with the Consortium,[18] has assumed total responsibility for "operating costs relating to the operations provided for in this Agreement," that is, the costs of production, which previously were the responsibility of the Consortium. Finally, it will be making constantly increasing investments in transportation, refining and distribution operations. Capital investment in oil, which had been estimated at 330 billion rials ($5 billion) during the Fifth Plan period,[19] increased in the amended plan to 400 billion rials ($6.15 billion).[20] That is, in the remainder of the period $1.5 billion will be invested annually in oil!

These great capital investments, domestically or outside the country, will be put to work to produce crude oil and products whose consumers are the industrial countries, increasingly America. If we accept Westerners' estimates and concede that the capital required for 1 ton of oil (from production to consumption) is $105,[21] enormous capital will be necessary every year, and this in itself will constitute an enormous pillage if it becomes the responsibility of the oil-rich countries. All the effects of these capital investments (the geometric and accelerating effects, training and polarization) will be realized in the West; their effects on the dominated economy will be intensification of the process of fragmentation of the economic sectors and the total irrevocable assimilation of the oil sector into the dominant economy.

Besides oil, Iran has made significant capital investments in American metal and military industries and it will make greater ones in the future. At the present time it has placed $3 billion for capital investment in joint projects[22] at the disposal of Italy and more than $100 million to purchase 25 percent of the shares in Krupp,[23] has bought 20 percent of the shares of the great American Union Carbide Company,[24] and has given a loan of $75 million to the military aircraft manufacturing company Grummann[25] (we will return to this subject). Of course, Iran is not alone in replacing capital investments: the other oil countries are making a constantly growing contribution to these investments, according to the degree of their political dependency. The oil-producing countries have invested $15 billion of their oil revenues so far, of which $7 billion have been put to use in America, $5 billion in Europe and $3 billion in "underdeveloped countries."

Subsection Two: Acts of Theft by Companies and Bribe-Givers

After the Shah's phoney quarrel with the Consortium, the oil agreement was extended, providing many greater privileges for the benefit of the Consortium, and, following the Shah's latest phoney quarrel with America, Mr Kissinger, the person who began his political "apprenticeship" by serving in the Rockefeller group of oil companies,[26] came to Tehran and his "problem-solving intelligence" put an end to the phoney conflict while obtaining Iran's total subordination.[27] The Shah, who pretended to be "the hero of the struggle against the companies," suddenly agreed that the posted price would be eliminated and the the actual price would be the basis for computing taxes, royalties and so forth. According to calculations Western experts have made, the companies will realize a profit of $2 per barrel in the event this proposal is accepted and carried out.[28] What an agreement this was! A discount was granted to the consumers and the companies added great profits to their already enormous ones! If we assume that oil production in the Middle East in 1975 will be about 7 billion barrels[29], $14 billion will revert to the oil companies with the implementation of the Shah's proposal. The Shah and the regime's propagandists falsely claim that nothing will come out of the pockets of the oil-rich countries--in which case one must ask whose pockets these $14 billion will come from then. If the Shah's proposal is for the companies to make the oil cheap and pay the difference themselves, then why does he make the real price, rather than the posted price of $11.50, the basis for calculating taxes and other levies?

This is not the only abuse the companies are guilty of. When these companies are able to hoodwink the Western governments and pay not a cent in taxes[30], of course they can deceive the oil countries even further; in fact, with different types of account manipulation, they commit great acts of deception. When everything from production to the sale of different types of oil products is in their hands, they commit innumerable acts of fraud concerning the volume of capital investment, production costs, transportation costs, administrative costs, marketing costs, the volume of production, and so on.[31]

If these acts of fraud did not exist, why did the rise in oil prices give the companies the ability to reap such enormous profits? We cannot and there is not space here for us to enumerate these fraudulent acts and evaluate their extent. Many are the people who have engaged in this activity without succeeding in unearthing all the fraudulent acts and obtaining a proper estimate of their extent, nor have they themselves claimed to do so. Nonetheless, their estimates disclose one-hundredth of the plunder. For example, one Iranian expert, who compared his calculations with those of others regarding other countries, estimates these acts of theft and fraud at one-third the money paid by the Consortium to Iran.[32]

However, there is no doubt that the acts of theft and fraud are many times greater than that. For example, the double exploitation of Iranian oil industry workers (the difference between the wages paid to Iranian workers and those paid to workers in the same industry in the West, under equal working conditions) has never been subjected to calculation. The capital which is poured into the pockets of the oil companies in this manner is in itself very large.[33]

Subsection Three: Aid and Loans

With the rise in the oil prices, America has taken another great load off its back and placed it on the backs of the oil-rich countries--namely the military and nonmilitary aid and loans it had been giving to the other countries of the world. At present the oil-rich nations, especially Iran (much more than Saudi Arabia and the emirates) has lightened this load for America. Concurrently, with the reduction in the "aid" from rich countries, especially America, and in accordance with America's orders, the costs of maintaining the existing situation in Europe has been made the responsibility of the oil-rich countries, and Iran, among others, has been giving immense aid to the nations of the world in the form of loans, aid and military assistance:[34]

Country	Aid and Loans
Italy	$3 billion in loans for capital investment in joint projects
France	$3 billion advance payment for an atomic reactor. (LE MONDE 19 November, reports that Iran's purchases from France could reach $10 billion. The social turmoil in France has undoubtedly increased the costs of maintaining the existing situation in that country.)
Britain	$1.2 billion to companies manufacturing industrial materials
Afghanistan	$2 billion in total aid!
Egypt	$1 billion for reconstruction of the Suez Canal and Port Said
Pakistan	$250 in total aid
India	$250 million for expansion of iron ore exports
Bangladesh	$100 million in total aid
Syria	$250 million in total aid
World Bank	$1 billion for aid to developing countries
Total	$12.05 billion

Iran, however, is not alone in granting this "aid": the member states of OPEC have given $12.7 billion in aid to the developing countries, $3.8 billion of which Iran has paid.[35]

While these loans and this aid are being used to preserve the social systems of the European countries,[36] the markets for these countries' industrial products are also being expanded; in actuality, this is a tribute from the total complex of the world's economies to sectors whose preservation or growth, as has been explained, is of vital importance to the West and of course America. Therefore, by replacing "aid from industrial countries" with "aid from oil-rich countries," several targets are hit with one arrow: not only is the balance of payments of the West, foremost America, improved--in this period of stagnation accompanied by inflation, great buying power is also directed toward these economies, in order to absorb the products for which the markets in the industrial countries are depressed.

Subsection Four: The Failure To Repatriate Hard Currency Obtained From Exports and Capital Flight

The newspaper KEYHAN has estimated the capital which has fled the country at "hundreds of millions of dollars."[37] This capital comes from a country which in the past decade has allowed foreign capital to dominate the domestic economy on the pretext of a capital shortage. Immediately following the announcement of the increase in oil prices, Iran's corrupt regime exempted the country's exporters from paying hard currency obligations, and subsequently from paying hard currency obtained from exports, to the Central Bank; that is, exporters became able not to sell the hard currency they had obtained from sales of exports to the Central Bank but could use it themselves anywhere they liked, in any way they liked.[38] The volume of this capital, which is in the main exported to the United States, Britain and Germany, has been estimated at $600 million[39] to $1 billion this year.[40] In future years, since Iran will become the center for the distribution of Western industrial products in the Near East (even a portion of the West's exports to the Soviet Union occurs via Iran), and the aid and grants will be spent on the purchase of these goods, this figure will rise. If we assume that the annual average hard currency revenues from Iran's non-oil exports are $750 million, $3.5 billion of the country's capital will be absorbed within the industrial economies, in particular America, in the remaining 4 years of the Fifth Plan. This sum is above and beyond the enormous amounts which are exported from the country through the freeing of hard currency transactions. In reality the buying power which the government creates by spending oil revenues is extremely great.

As in the current situation (where the exchange rate between the rial and the dollar is low and fixed, and the rate of inflation is 20 percent,[41] indeed greater, and conversion of the money into foreign currency yields great profit), a great portion of this buying power still remains unemployed in spite of doubled imports, and after this unemployed money has saturated the commercial transactions market inside the country, these transactions find a way out of the country (they have not become oriented outside the country, especially to the countries of Europe and America;[42] the real objective of the law prohibiting transactions in Iranian urban land is to drive capital out of the country). What is the volume of this capital? No one knows its exact figure, but the FINANCIAL TIMES, citing a statement by the Central Bank, claims that in the first 5 months of 1975 about $650 million went out of Iran.[43]

Subsection Five: Capital Investment in Foreign Banks and the Licensing of Domestic Banks To Lend Money Abroad

On this subject, we will content ourselves with referring to a translation of a statement by NEWSWEEK[44] and two news items from LE MONDE and ETTELA'AT, because this statement and these items will reveal the real situation to the reader. NEWSWEEK writes:

"The dollars obtained from oil, which are paid out and 'return,' reach enormous amounts. For example, the American banks alone have absorbed $7 billion of the OPEC member states' money in the first 8 months of this year! During the same period, the foreign loans which these banks have given approached $14 billion! The difference is that the money from the OPEC states is in short-term deposits, and the loans these banks have given are for from 7 to 10 years. Anxiety is being expressed that if OPEC demands its money the banks will be faced with a problem."

However, this fear is to a large extent exaggerated. In reality, the OPEC member states are expressing no inclination to turn their money over and if they do express it that will not entail problems.

For example, if Saudi Arabia withdraws its dollars from the Chase Manhattan Bank, it will have no choice but to deposit them in another bank in another area of the world. The Chase Manhattan Bank will be able to borrow that money from the bank in which it is deposited! Again, the central banks have promised that in case these banks face problems, they will come to their rescue.

The central banks, by reducing the interest on deposits and by refusing to accept greater deposits, compel the OPEC member states to place their money in private banks.

The central banks thus hope that through this policy they will compel the OPEC member states to put most of their funds into long-term investments such as stable deposits. Thus the dollars obtained from oil are not only not a threat to the American economy, they are also an unexpected blessing (even a hundredfold blessing). They are a blessing and a great gift for an economy which is suffering from a capital shortage and high interest rates. It is strictly for this reason that Mr Reza Fallah, a National Iranian Oil Company director, says, "Matters will proceed as desired; the surplus money from oil will go to the United States of America; first in the form of short-term deposits, then in the form of medium-term deposits, and finally in the form of long-term deposits, they will be at the disposal of the Americans."

Apportioning a share of these "deposits" among the industrial countries causes a conflict (of course over sacrificial meat)! Last week the British minister of finance requested that $30 billion of this money be returned to British banks, but the other countries compelled him to be satisfied with $10 billion!

ETTELA'AT (19 November 1974), quoting from ASSOCIATED PRESS, reported that:

"This year Saudi Arabia will send $11.2 billion of its money to the United States; next year it will send $30 billion!"

LE MONDE[45] reports that experts in OECD member countries are engaged in investigating aspects of Kissinger's recommendation that a $25-billion fund be formed from oil revenues to help those industrial countries which have a balance of payments deficit. This means that these experts will be engaged in organizing oil purchases through oil revenues!

ETTELA'AT also reports[46]: "The American aircraft manufacturing company Grumman has declared that nine American banks and the National Bank of Iran are placing a $200-million loan at the company's disposal. Of this sum, the National Bank of Iran has committed itself to pay $75 million." This bank has also paid out a loan of $200 million to a municipality in Britain! More important than all this, however, is the fact that the country's banks have taken the place of foreign banks in giving credit grants to importers. The explanation is that previously banks in industrial countries would give credit to the importers, who, after selling the goods in Iran, would repay the loan; now a portion of the oil revenues will be spent on this activity, which is an important help to the capitalist countries' banking system. Thus the nation's banking system is also undertaking important and constantly growing functions in the service of the dominant capitalism outside the country, in addition to its functions within the country, in order to expand the market for the products of Western industry. Inevitably, part of the revenues from oil must also be allocated to this activity.[47]

Subsection Six: Increase in Foreign Currency Reserves

The purpose here is not to discuss the role of the country's banking system in assimilating Iran into the dominant world system, nor do we want to subject the reasons for the lack of balance between the purchasing power which government expenditures create and the volume of currency in circulation and the role of the "monetary monopolies," especially the role of the equal value of the rial and the dollar in plundering the nation, to discussion. We will go so far as to state that Iran's money "translates" the buying power which oil revenues place at the country's disposal; were it not for these revenues the rial would have lost all value because there is no domestic production by which the currency could be supported. The purchasing power which government spending creates on the one hand, and the increase in imports, which more than doubled in a year (a subject to which we will return), have increased the need for monetary facilities to a large extent. Immediately following the increase in oil prices, the amount of banknotes printed, which in March 1973 was 80 billion rials, increased to 105 billion rials in 18 months.[48] The increase in the volume of money domestically, the constantly increasing importance of the banks' role domestically and outside the country, and the country's economy's total dependence on imports, is increasing the reliance on strong currencies as backing for the country's money and the need for these currencies as an emergency reserve. Although the price of gold is constantly increasing, and oil itself is the best reserve, the governments serving the American empire prefer to increase the nation's hard currency reserves: the oil-rich countries' hard currency reserves increased in 1 year's time from 7 percent of the world's hard currency reserves to 19 percent of these reserves (from the end of September 1973 to the end of September 1974). Iran's foreign currency reserves increased from $992 million to $6.3 billion, those of eight other oil countries from $12 billion to $31.8 billion, and those of the nine oil-rich countries together to $38 billion![49]

In view of the rapid increase in the volume of money inside these countries and the increasing subordinate functions of the banks (these countries' banks are assuming the functions of the industrial countries' banks in the low-yield operations of expanding the market for industrial products), whenever an important portion of these reserves is accumulated in the guise of monetary backing and emergency reserves for "strategic" imports, the interrelationships between the increase in oil production and consequently the increase in oil revenues and purchasing power on the one hand, and the increase in imports on the other, increase the need for money, in particular foreign currency, in compensation.

Section Two: The Indirect Transfer Movement of Oil Revenues

Indirect transfer movement, which fundamentally occurs through the importation of goods, is imposing effects on the economies of the oil countries which are many times more destructive than those of direct transfer movements. We have studied the destructive effects of these movements in other research works; here we will refer to those when appropriate in our discussion.

Even if new functions are not assigned to the oil-rich countries in the future, oil revenues are being absorbed by the industrial economies, especially the American economy, in five ways, as follows, at the present time.

Subsection One: Imports of Goods and Services

When a dominant industrial country experiences economic growth, that means increased production; when a dominated country experiences it, that means increased imports! All the regime's eulogists, that is, the vultures to whom a part of the oil revenue carrion is apportioned, back up their statements with the rapid industrialization of Iran, and no one takes the trouble to ask what kind of industrialization it is which is increasing Iran's imports with such speed. Iran's imports, bearing in mind imports exempted from customs duty and contraband, total at least 20 times Iran's non-oil exports! Iran's imports, which, in the Mosaddeq era, dropped to below 70 percent of non-oil exports, and were eight times non-oil exports until the increase in oil prices (that is, in 1969),[50] have now reached 20 times non-oil exports following the two-phase price increase. Again, a growing portion of the non-oil exports consists of the export of imported industrial products. Planners predicted that Iran's imports would come to $5 or $6 billion by the end of the Fifth Plan[51] and now, that is in 1974, the country's imports, in comparison with 1971, have tripled,[52] coming to more than $10 billion[53]. (It has been stated that imports will be in excess of $16 billion in 1975-6. See this book, and the section on news of the transfer movement of oil revenues: Pierre Judet, "Les Investissements Petroliers dans l'Industrie Europeenne et les Operations Triangulaires en Direction du Tiers Monde," November 1975, p 39.) It was predicted that Iran's port capacity would increase to 14 million tons at the end of the Fifth Plan (March 1980); now, as a consequence of the rise in oil revenues, it is predicted that Iran's imports will be 29 million tons this year,[54] and there is no room for doubt that this figure too will increase.

In reality, oil revenue expenditures through the government budget create great buying power. The government itself claims that the demand for industrial and non-industrial products has increased 20 percent this year[55] while the growth of production relying on domestic resources has declined in comparison with last year. It is plain that all this buying power will be oriented toward imports. Herein lies the destructive effect of the indirect transfer movement of oil revenues. Imports leave no place for domestic production, constantly further destroying the nation's economy, leaving no possibility for existence except for its assimilated parts, thereby turning the complex of the country's economic fields foreign. In fact, the race for purchasing power and purchase of imports can only continue with the increase in oil revenues, or, more properly, the increase in oil production, and it is because of this extremely deleterious race that the country soon will be in need of foreign loans and further advance sales of oil and non-oil resources. The accelerating increase in buying power and the domestic production deficit will cause a reckless increase in prices. To keep the price increases from threatening its existence, the regime will have no choice but to leave the country's doors open to imports; still, in the words of the regime itself, the increase in prices this year came to 20 percent![56] In turn, the enormous increase in the volume of imports has increased the need for hard currency or oil revenues in such a manner that after a brief period additional oil revenues will be swallowed up and a country will come into being whose import capacity is several times greater than it is today and whose oil revenues will no longer suffice. As the minister of state and managing director of the Plan Organization has stated, it will have to make up its deficit by resorting to foreign loans. A similar program is being carried out in Saudi Arabia and other oil countries with success.[57]

The oil-rich countries, especially Iran, must be kept from agriculture and all forms of industrial production dependent on domestic resources in order to be able to become "exporters" of assembled products to the region and importers of agricultural products. The issue the regime is openly talking about today was also revealed and repeatedly discussed at the beginning of the Fourth Plan.[58] Iran's transformation into an industrial country means nothing more than the fact that Western, especially American, capitalism, relying on oil revenues, is expanding its market in the Middle East, eastern Africa and southwest Asia. Voracious capitalism takes the money for industrial products from us, and we exchange the agricultural products of countries which have no foreign currency for industrial products! These are the evil effects of the indirect transfer movement of oil revenues. However, this indirect transfer movement is not only carried out through the imports of goods and services.

Subsection Two: Elimination of the Effects of Price Increases on Limiting the Market for Western Products

In the previous section, we described the basic nature of the price increases in Iran and made it clear that price increases and inflation in Iran are not just the result of increases in prices of industrial products. Rather, they are basically the result of buying power which creates government and non-government spending and trivializes domestic production relying on domestic resources. The same buying power which is oriented toward productive products and services in industrial countries is a factor for intensifying inflation in industrial economies. Thus, throughout the world, inflation has gradually assumed a scope and acceleration and, when it reaches a dominated economy such as ours, not only assumes great dimensions but, because of the increase in profits in the fields related to the outside world, effectively orients capital toward imports and activities connected to imports; this, in turn, adds to the intensity of demand and thus to the rate of inflation. When matters reach this point, there in practice remains no approach, within the limits of the existing structure of economic relations between Iran and the dominant powers, except to stabilize prices by excessively increasing imports and pay the difference arising from the increase in prices out of government budget.

Of course, at times like this, limiting imports and encouraging domestic capital investments imposes a decisive influence on the country's economic growth, but, when it is being planned that we will become dependent on America for such vital necessities as food, there is no alternative but to pay America part of the oil revenues for the increase in "world prices."

For 20 years Iran's agriculture has been and is being deliberately destroyed; by the authorities' own statement, 20,000 underground agricultural channels have dried out[59], the structure of agricultural production has been changed, and, now that the country must import meat, wheat and so on, it is being stated that Iran will have a shortage of foodstuffs for another 20 years--that is, until the time the oil wells have been depleted.[60] When asked why they do not invest in agriculture, the authorities state "We have no water!"[61] In the remaining 4 years of the Fifth Plan, the government, by its own statement, will pay for losses of 220 billion rials in price differences of five agricultural commodities.[62] The sum being paid out this year is $1.4 billion.[63] The simple meaning of this process is that by disbursing oil revenues in performing valiant service for the dominant power, the regime is performing two basic decisive functions: on the one hand it is expanding the market for American agricultural products in the country, repatriating foreign currency to America; on the other hand, by stabilizing prices domestically, it is, on behalf of the dominant foreign power, eliminating the effects of inflation on increased production and failing to orient capital to the production of products which will meet the basic needs of the people in general. Thus, in this sector as well, capital investments are being directed toward fields which have been assimilated into the international market and whose products meet the needs of these markets. As a result, the process of the fragmentation and destruction of the agricultural sector is also constantly accelerating. In brief, the oil revenues are a most effective weapon against the existence of the oil-rich countries, and even the industrialized ones in the hands of America. This weapon is a multi-functional one, is delivering lethal blows against the body of our existence by various means, and so on.

Subsection Three: Weapons Purchases

We have devoted study to military expenditures and their effects on the country's comprehensive dependence elsewhere.[64] Here we will content ourselves with mentioning the point that it is not just because of the increasing atmosphere of hostility that the world powers need constantly to increase the expansion of military industries: nor is it just because military capital investments are a factor for economic adjustment and stabilization, in that they eliminate the effects of economic motive forces.[65] Rather, it is basically because relations between the dominant and the dominated are based on force and because the elimination of this factor will enable the dominated countries rapidly to escape the burden of being dominated. In reality, the constantly increasing fragmentation of a dominated economy and society is possible only through the exercise of force--in other words, the increasing atmosphere of hostility is a result of both resistance and the constantly increasing exercise of force. It is for this reason that military expenditures throughout the world are increasing at dazzling speed. In 1974 Iran alone bought arms equivalent in volume to those of all the countries which had bought arms or received military aid from America (/including/ Israel). Look for a moment, for the moral, at the following comparative table which has been cited verbatim from the German magazine DER SPIEGEL:[66]

Nation	Amount of Arms Purchase, in Millions of Dollars
Iran	3,794
Israel	2,118
Saudi Arabia	588
Greece	438
Germany	219
Spain	148
Taiwan	88
South Korea	81
Chile	68
Brazil	59
Japan	58
Jordan	51
Norway	50

In 1974, of the 13 countries listed in this table, Iran alone bought $3,794,000,000 in arms and the rest all together bought $3,967,000,000 in arms. Iran and Israel, the two tools in America's hands, combined bought $5,912,000,000 in arms, with the difference that America itself paid the money for the arms delivered to Israel while the money for the arms Iran purchased came from oil revenues.[67] Throughout the Fifth Plan, Iran's military budget has been drawn up on the assumption of an annual purchase of $4 billion in arms!

Subsection Four: Substituting for America in Paying the Costs of Destruction

Among the savings which Americans have made on their own behalf, out of the pockets of the oil-rich countries, is that of imposing the costs of "defending the free world" on the subordinate obedient oil countries, Iran most of all. The Americans impose these costs, whose volume is constantly increasing because of the permanent increase in the atmosphere of tension, on these countries as much as they can. We previously referred to some of these costs under the rubric of aid, advance purchases and joint capital investment. Here the issue is one of daily expenditures which are being made. Today America has assigned to Iran military expenditures in the Persian Gulf, the costs of destruction in Arab countries, in particular Iraq, Lebanon and Jordan, the expenses of maintaining the existing situation in the countries of the area, and so forth.

Correct information is not available on the extent of these expenditures; moreover, it is understood that they do not consist only of the delivery of arms; they comprise cash and material assistance, in particular expenditures which must be made in foreign currency. East Africa to India covers a "sensitive area possessing vital importance," that is, it is an oil area;

oil money goes to diverse expenditures throughout this area. In one spot, it prepares a coup d'etat, in another area sabotage activities and a war of secession; in one area the expenses of counterinsurgency operations are provided, in one spot a military base is established; in one spot one must respond to the Soviet presence by establishing more extensive power, in one area one must prevent the presence of China; and so forth.

What is the volume of the expenditures which Iran, Saudi Arabia and the emirates are making in this broad area? Does everyone know how much oil money is spent on these operations in North and South Yemen, Oman, Ethiopia. Iraq, Lebanon and so forth, everytime a plot is hatched? No information is available.

Subsection Five: Assumption of America's Other Expenses: The Last Cents for Small Expenses

With the increase in oil revenues, the administrative expenditures of the oil-producing governments, which are made in foreign currency, and the foreign currency expenditures of the people of these countries, have increased in an unwarranted manner. The obedient oil-rich countries are assuming a constantly increasing portion of America's commitments vis-a-vis international organizations. The Iranian government, by encouraging studies in America, is underwriting the educational expenses of Iranian students in America; it is making "capital investment in manpower training" abroad, especially in America.[68] The more it creates obstacles to movements to and from the countries of the Middle East, the more it eases travel and tourism to Western countries, so that the seacoasts in Europe and some avenues in European cities are Iranian and Arab. The policy of encouraging tourism in the West from the economic standpoint of course means the direct export of part of the buying power which is being created. Scholarships for vocational training and work abroad, which the industrial countries used to give in the past, are now being given by the countries themselves.[69] This is all above and beyond the wanton export of capital outside the country which, in the words of KEYHAN, comes to hundreds of millions of dollars; this has been discussed previously. Therefore, international capitalism is not content just to pursue the money spent purchasing oil to the "last cent." It puts the money to work in areas which make it possible to buy up the world's sources of wealth in advance.

It is up to the readers themselves to perform the calculations themselves and see whether the general manager of the Plan Organization's statement that we will be returning to the capital markets of Europe and America in another 3 years to take out loans is not behind the times. Let them ask themselves whether it would not have been better had the oil been taken away free of charge and in exchange the people of these were left countries were not left alone so that they could take their destinies freely into their own hands and, by using the workforce and the creative talents of their own people, under the aegis of their other natural resources, create a life for themselves accompanied by peace and progress (not in the Western meaning of the word); had they seen whether there was no choice but to depart from the system of world dominance to avoid being fragmented and assimilated and sinking into the abyss of a self-destroying anger; had they seen whether, in view of the presence of the role of oil (the energy, raw material and capital) as the motive power, and the most important motive power, of the industrial economies, in increasing the power of concentration of resources and accumulation of capital--in a word, as the motive power for assimilating the world into the capitalist system--and the role of oil revenues as the motive force for the comprehensive fragmentation of the dominated countries and, as a consequence, the constant assimilation of the assimilatable sectors into the West, it still is proper to engage in side issues and to avoid paying attention to this vital issue; had they seen whether one can fail to notice the role of this element in the growing inequality between the West and the rest of the world and whether there is room to be unmindful regarding the transformation of this oil into an increasing hostility in the oil-rich countries and other dominated countries--into a hostility which has shaken the foundations of the existence of our countries with its destructive blows.

We are no longer alone. Today's crisis is the expression of a decisive shift. Finally, oil is being turned into anger everywhere and is threatening the world with the burning flames of its torches. If this anger does not destroy the world system of power in its flames through the action of people like ours, the contradiction will be resolved to the benefit of the dominant, or in favor of general devastation. Do enough belief in ourselves, and enough strength, exist within ourselves for us to enter the arena of determining our destiny in time and become the architects of the history of human freedom?

Part Two, Chapter Two: Footnotes and Sources

1. See "Bulletin d'Information du Front National de l'Iran," III, February 1974.

2. See Issue 18 of the French magazine FRONTIER, July-August 1974.

3. See Part Two, Chapter One.

4. F. Perroux, J. Denizet, H. Bourguinat, "Inflation, Dollar, Eurodollar," Paris 1971, pp 80-83.

5. See the article "Workers' Participation in the Profits of Factories and the Sale of Stocks to Workers and Employees" in issue 39 of the National Front of Iran, KHABARNAMEH, February 1975.

6. Victor Perlo, "L'Empire de la Haute Finance," p 73, Paris 1974.

7. This is a fact, not an opinion. We are not alone in expressing it. Many, from Roosevelt, President of America, during World War Two, to

economics scholars whose intellectual horizons are not alike, have acknowledged this fact. See, among others, Francois Perroux, "L'Economie du XX Siecle," and F. D. Roosevelt, "Message to Congress," 2 April 1938, p 11.

8. See the book by Francois Perroux concerning foreign investment, "L'Independance de la Nation," Paris 1969, especially pp. 91-114, and the article by Ernest Mandel regarding the concentration and centralisation of capital throughout the world in the magazine CRITIQUE DE L'ECONOMIE POLITIQUE, "L'Imperialism," October-December 1974.

9. See Part One, Chapter Two.

10. See SURVEY AND JOURNAL OF EAST AND WEST STUDIES, Spring 1971, No 2; Daniel Bell, "The Post-Industrial Society, the Evolution of an Idea," p 104.

11. See the magazine CRITIQUE DE L'ECONOMIE POLITIQUE, No 1, September-December 1960, pp 115-6.

12. See Claude Julien, "L'Empire Americain," pp 221-258, or the English translation, "America's Empire."

13. See "Bulletin d'Information du Front National de l'Iran," III, February 1974, No 3.

14. According to the new oil agreement, the Consortium will administer all management, investment and production activities of the oil industry, with full powers from the National Iranian Oil Company. See Appendix Two, Part One, Chapter One.

15. J. Masseron, "L'Economie des Hydrocarbures," Ed Techniques, Paris, 1969, p 13.

16. See LE MONDE, 5 October 1972.

17. See LE MONDE, issues of 5 October 1972 and 23 January 1973.

18. See "The New Iran-Consortium Agreement," published in TEHRAN ECONOMIST, July 1973.

19. See JOURNAL OF THE IRANIAN CHAMBER OF COMMERCE, MINING AND INDUSTRY, September 1974, article titled "A Glance at the Course of Evolution of the Oil Industry in Iran," Table 34. In this table, it is predicted that the other oil companies will undertake capital investments of 139.7 billion rials. However, this plan was prepared before the new Consortium agreement; according to the new agreement, the Iranian government will also make those capital investments itself.

20. See the Amended Plan ratified by the Ramsar Conference, second week of August, 1974.

21. See "L'Economie des Hydrocarbures," pp 11-12.

22. See NEWSWEEK, 14 November 1974.

23. See op. cit. and ETTELA'AT, 21 September 1974.

24. See ETTELA'AT, 19 August 1974.

25. See NEWSWEEK, issue cited above.

26. Regarding Kissinger's past, see p 111, Gary Allen with Larry Abraham, "None Dare Call It Conspiracy."

27. On another occasion we will clarify the details of the agreement between Iran and America regarding formation of cooperative commissions in all the economic, political, social and cultural affairs of Iran and we will show that this agreement in reality is the same as Vosuq-od-Dowleh's 1919 agreement which was quietly imposed upon Iran.

28. LE MONDE, 5 November 1974, quotes the Shah as stating that by limiting companies' profits to 51 cents per barrel, the reduction in the price per barrel will be $1.60; this newspaper then asks how this is possible. The representative of Compagnie Francaise des Petroles, in a radio interview on the same date, claimed that this $2 per barrel would with difficulty cover the deficit in their expenditures.

29. According to the statistics published in TEHRAN ECONOMIST, 24 January 1976, the production volume was about 7 billion barrels.

30. See Report by the Energy Commission of the French National Assembly, "Rapport de la Commission d'Enquete Parlementaire Sur les Societes Petrolieres Operant en France," Paris, fourth quarter 1974, p 289.

31. Those who wish to be informed about these fraudulent acts and acts of theft should refer, inter alia, to: J. Masseron, "L'Economie des Hydrocarbures," pp 93-94, regarding tax deceptions in the industrial countries, as well as report by the Energy Commission of the French National Assembly. On the manipulation of accounts in transportation, marketing and so forth, see Chapter One, Ahmed Akkache, "Capitaux Etrangers et Liberation Economique: L'Experience Algerienne," Francois Maspero, 1971.

32. Regarding the manipulation of accounts in producing countries, see article by Dr Mahmud Montazar, "How Growth Is Directed Abroad," Issue 8, JOURNAL OF THE IRANIAN CHAMBER OF COMMERCE, MINING AND INDUSTRY, December 1969; compare that with the calculation by Ahmed Akkache in the book referred to in the previous footnote.

33. Samir Amin, and Emmanuel in "L'Echange Inegal," have stressed this very fact. See pp 76-118, Samir Amin, "L'Accumulation a l'Echelle Mondiale," Paris 1970, and sections 5 and 6 of A. Emmanuel, "L'Echange Ineqal," Paris, 1969.

34. See NEWSWEEK, 14 October 1974.

35. ETTELA'AT, Wednesday 9 October 1974, quoting from the newspaper FRANKFURTER ALLGEMEINE.

36. Statements by Faysal regarding aid to Italy! KEYHAN, 26 January 1974.

37. KEYHAN (airmail), 26 January 1974.

38. TEHRAN ECONOMIST, 26 January 1974.

39. TEHRAN ECONOMIST, 3 February 1974.

40. LE MONDE, 19 November 1974, quoting statements by Iranian economic officials, gave 1974 non-oil exports of $1 billion.

41. TIME, 4 November 1974.

42. Every day the foreign radio and press publish news of the purchase of magnificent properties and homes by rich people from oil countries, stating among other things that in the last few months of 1974 Iranians, and before them the Shah, bought a total of 300 million French francs' worth of homes and property in France.

43. FINANCIAL TIMES, 7 October 1975.

44. See NEWSWEEK, 19 October 1974.

45. LE MONDE, 21 November 1974.

46. ETTELA'AT, 20 October 1974.

47. On the subject of currency transfer, TEHRAN ECONOMIST, 25 January 1975, published more interesting figures, quoting from the American treasury: the OPEC member states invested $60 billion in the industrial countries and deposited $110 billion in America and $8 billion in Britain.

48. ETTELA'AT, 21 October 1974.

49. INTERNATIONAL HERALD TRIBUNE, 4 November 1974.

50. See Table 7, Chapter Two, "Petrole et Violence."

51. Following the increase in oil prices in 1971, the minister of economy stated that Iran's import capacity would reach $6 billion by the end of this decade: KEYHAN (Airmail), 15 April 1971.

52. See "Annual Report of the Central Bank of Iran," 1971-2, Table 39, "National Balance of Payments."

53. LE MONDE, 19 November 1974. See also Pierre Judet, "Les Investissements Petroliers Dans l'Industrie Europeenne et les Operations Triangulaires en Direction du Tiers Monde," November 1975, p 39.

54. JOURNAL OF THE IRANIAN CHAMBER OF COMMERCE, MINING AND INDUSTRY, Serial Number 51, September 1974, talk by Dr Majidi, managing director of the Plan Organization, p 97.

55. However, this figure now no longer is valid; imports in 1974-5 were 37 percent greater and in 1975-6 more than 50 percent greater. See TEHRAN ECONOMIST, 27 September 1975.

56. LE MONDE, 19 November 1974.

57. American experts are now busy planning the economy of Saudi Arabia and the emirates; planning these economies means increasing their import capacity. In its 5-year plan, Saudi Arabia will spend $60 billion (in current prices).

58. To understand the dependence of Iranian industry, see various issues of National Front of Iran, KHABARNAMEH, especially Numbers 30 through 42.

59. See the magazine SOKHAN, June 1973, "End of the Civilization of the Underground Aqueduct."

60 and 61. See LE MONDE, 19 November 1974.

62. Refer to the Shah's speech at the inaugural festivities of the session of the two houses of Parliament, KEYHAN (Airmail), 12 October 1974.

63. See LE MONDE, 19 November 1974.

64. In addition to Reference Two of this chapter, see the articles "Military Expenditures and National Independence," in issues 33, 34, 35 and 36 of KHABARNAMEH, National Front of Iran.

65. See Chapter One of Albert Paul Lentin, "La Lutte Tricontinentale," Francois Maspero, Paris, 1966.

66. Article on purchasers of American bombs, DER SPIEGEL, 15 September 1974.

67. These figures became obsolete very quickly. LE MONDE, 12 February 1975, reports that Iran's military purchases from America exceeded $7 billion!

68. TIME magazine, in its issue of 21 April 1975, page 64, cited the following figures in an article concerning the onslaught of American university authorities to Iran's expanded banquet table. Various articles have already been published by American newspapers on this subject, and the figures on bequests are rapidly increasing:

University	
Georgetown	$11.5 million
Wentworth Institute	1.8 million
MIT	1.3 million (54 students in the nuclear field)
George Washington	1.0 million For an honorary doctorate!
U.S.C.	1.0 million
Stanford	0.96 million (Scholarship and Educational Stipend)
Harvard	0.4 million
Princeton	0.4 million
Columbia	0.26 million [sic]
U.C. Berkeley	Under discussion

69. Among the dozens of news items in this regard, we will quote this one from ETTELA'AT, 10 February 1975:

"1,800 government employees are going to Italy!"

Appendix: Later Information on the Transfer Movement of Oil Revenues

Since the study "The Transfer Movement of Oil Revenues" was written, the regime, the tool in America's hand, has paid new obligations. We have discussed some of them in this book, and we will cite some other news items and interpretations of them here. One must realize that the volume of some of the obligations changed after the Shah made the following admission of his own treason and the plundering of the country! "However, if additional money comes, we will not burn it up. Our budget deficit is $3 billion, and this must be made up. Meanwhile, the main customers (that is, the Consortium) are really buying oil very quickly and storing it. (The Shah, in place of the oil which others have been buying and storing very quickly, is buying a nuclear power plant.) We will no longer soap our bellies and allow these vultures to gather and plan what work is to be done with the extra revenues. We will assuredly no longer repeat the mistakes of the past. It has been a short period (!) and that has ended and vanished. With the additional revenues, once we have them, we will first make up for our budget deficit and then will perform such activities as we did last week." (That is, buying the shares in Krupp; in this index, statement cited in KEYHAN, 25 October 1976. We should point out that we have included a table, in Part Three of the Statistical Appendix to the book, which concerns the distribution of oil revenues throughout the world.)

1. The payment of $245 million to the bankrupt Pan American Company, LE MONDE, 11 February 1975, writes:

"The Pan American Company lost $81.78 million last year, and its losses thus amounted to four times those of the year 1973 (which were $18.4 million). Iran's financial aid, in exchange for which Pan American will give the Iran Air Company technical aid (!!), saved that company from bankruptcy. The American government is extremely satisfied with Pan American's transaction with the Iranian government!"

The Shah himself also admitted, at a press conference on Austrian Television, that Iran's contribution to Pan American was purely to save that company from certain destruction.

2. The payment of $1 billion to Britain, which had gone into a sulk over its small share of oil revenues and was not prepared to send automobile parts for the Hillman, which is assembled in Iran under the name "Peykan," with the result that the state of the factory suffered seriously.

3. One billion dollars to France, to contribute to capital investment in atomic energy--which, according to the most recent published research, is known to be unable to compete with energy from oil.

4. Purchase of an organization for raising geese in Germany!

5. Financial aid to the CIA. AGENCE FRANCE PRESSE communicated this item of news all over the world on 6 February 1975:

"Alan Cranston, the Senator from California, has requested that investigation and research be made into the CIA's sources of funds, since it has been disclosed that the Shah of Iran has given the CIA large sums of money. In response to an American television reporter, the Shah said 'The CIA has not become so poor that it would need Iran's money. We just exchange information.'" (ETTELA'AT, 7 February 1975.)

6. The same is true of the treasonous agreement for a $15-billion transaction with America which, in Kissinger's words, is the greatest transaction in American history. To illustrate the significance of the figure, the WASHINGTON STAR pointed out that America reconstructed and renovated the economic life of postwar Europe for $13 billion. Mr Kissinger said, "We have in fact signed a blank ledger; that is, America is free to sell Iran anything it wants!" On 5 March 1975 the same newspaper, quoting Kissinger, wrote "Mr Ansari mentioned $15 billion in a tone in which one would think he was talking of $25!" He, that is, Kissinger, said that this agreement was an ideal example of the recycling of oil money!

7. According to the government, Russia has also received its share of this plunder, since $3.5 billion are also to be given to the Russian government. In the Qajar era, the Russians and British took and devoured; now the Russians, Britain, America, Europe and everyone else are doing so.

8. Payment of a loan of $160 million to Bulgaria to transport livestock and agricultural products from that country to Iran.

9. Payment of a loan of $200 million at token interest to Egypt. (KEYHAN (Airmail) 22 October 1975.) This sum later rose to more than $1 billion; concomitantly, when Hafiz al-Asad visited the Shah in Tehran, 6 months before Black June 1976, the government of Syria received $250 million in the form of advance payment for the expenses of bringing Syria's army into Lebanon to participate in the conspiracy to annihilate the Palestinian movement and prepare the groundwork for a final settlement between the Arab regimes and Israel and the expansion and culmination of American influence in the region.

10. A $700 million agreement to purchase goods from North Korea over the next 5 years. Credits of $200 million are soon to be given that country in the form of advance payment.

11. Purchase of 25 percent of the shares of the great West German electronics firm of Babcock and Wilcox for $178.3 million marks. KEYHAN (Airmail), 26 April 1975, disclosed the news under the title "$11.3 million marks in revenues in one day;" we will quote this since it illustrates the role of oil revenues in moving the wheels of multinational corporations:

"The newspaper BILD, in its report, has written that following an agreement for Iran to purchase one-quarter of the shares of the /Babcock/ corporation, the value of the shares in this corporation on the stock market immediately rose to 310.5 marks, an increase of 24 marks; thus, in a period of 1 day, Iran realized an income of 11.3 million marks." The newspaper FRANKFURTER RUNDSCHAU wrote that this corporation which primarily manufactures energy generating plants, had received no major orders domestically (that is, in Germany) for the past year and a half, but that after Iran had become a shareholder in this corporation an order was given by Iran to the Babcock Corporation for an energy generating plant worth 1.2 billion marks on the Mazandaran seacoast--the biggest order given the Babcock corporation in the past 75 years.

12. The purchase of an additional 800 Chieftain tanks for $1 billion.

13. The purchase of a great espionage communications apparatus to record every word in the Middle East, at a cost of $500 million. Americans are constructing this apparatus for their own purposes at Iran's expense, and the administration of it will also lie with the Americans themselves.

Thus, it is the function of Iran's oil revenues to be spent to provide capital and give orders which are without precedent in the entire history of Western industry. These revenues must be spent on creating capital and markets, that is, the two crucial elements of capitalism.

14. According to a study which the American treasury recently published concerning "the capacity of the oil-rich OPEC states to absorb goods and services":

Economic experts of the Department of the Treasury maintain that the oil-rich countries' surplus oil revenues will come to $195 billion by the end of 1980. This surplus will total about $13 billion in 1980 alone. It is these economists' further assumption that the oil price will not change at all.

These economists hold that the oil-producing countries will continue to raise their imports above previous levels but that the rate of increase will gradually slow down. The rate of increase in imports came to 45 percent in 1974 and has been 33 percent in 1975. In the period 1975-80, however, the oil countries will increase their imports by just 16 percent a year on the average and in the period 1980-85 they will not be able to increase them by more than 8 percent. Iran is one of a group of countries which can sustain an annual imports increase of about 20 percent.

(Quoted from LE MONDE, 21 October 1975.)

15. "Capital investment" in other countries:

According to one agreement, Iran is investing the sum of $700 million to construct a plant to produce enriched uranium in South Africa. An informed source has stated that this agreement is worth $1 billion, not $700 million. (HERALD TRIBUNE, 13 October 1975.) The country is being turned into a desert so that America's "wheat weapon" can go to work. Iran's oil and gas are being wantonly exported and destroyed and, instead of provisions being made for bread, a factory to generate atomic energy is now being bought which will not last longer than 25 years and whose life will end as the oil reserves are being depleted.

16. According to a protocol signed by Hushang Ansari, minister of economic and financial affairs, and Feyzoglu, deputy prime minister of Turkey, an Iranian loan of $1.2 billion is being given by Iran to Turkey.

17. Iran is giving Tunisia financial aid to "exploit water resources!" (It is not clear why it is not giving this financial aid to itself.)

18. Iran is paying out a credit of $400 million to Britain.

19. A loan of $630 million is being paid to India. (KEYHAN (Airmail), 12 November 1975.)

20. The Iranian-American cooperation agreement.

The volume of Iranian-American "cooperation," which has been forecast at $15 billion, is being increased to $26 billion. (The American treasury study was of course made with the objective of ascertaining in advance the volume of oil-country money and ways of bringing this money back.) TEHRAN ECONOMIST, 4 October 1975.

21. The $4 billion satellite project.

To carry out the satellite and television "education" plan, $4 billion are to be paid out. This project was recommended to the Iranian government by the "Agency for International Development," AID, whose role in implementing various plans to extend the influence of capital and strengthen dependent regimes is known to all. According to the NEW YORK TIMES, the total cost of the satellite project will reach $4 billion, more than $1 million of which was granted to Stanford University. To make the goals of this project clear, we will cite part of the Stanford University professors' and students' protest:

"This project conforms to the constantly increasing economic interests of American imperialism. As members of human society, we must oppose this agreement because this project is a serious threat to the poor oppressed people of Iran and the Middle Eastern countries. With the implementation of this project, the exertion of force and the policy of strangulation which is characteristic of the ruling regime in Iran will be intensified and will result in the central power's increased control over information and information distribution.

"The objective of this agreement is greater control of the people by SAVAK. It is aid to foreign capitalists to exploit the people of Iran."

In spite of the opposition of university officials and demonstrations by Iranian and American students, this agreement was signed on 1 April 1975.

22. The purchase of shares in the Occidental Petroleum Corporation:

According to an article in KEYHAN (Airmail), 7 July 1976, quoting a statement by Ansari, the minister of finance, the Iranian government is to become a 16 percent shareholder in Occidental Corporation stock for $152 million. This company is basically "in facilities involved with the distribution of oil products!"

23. Increasing the volume of trade between Iran and America to $40 billion:

The volume of trade between Iran and America (that is, the white ledger the Iranian minister of finance signed), which at the outset totalled $15 billion and then increased to $26 billion, has been raised, in the form of an honorarium for Mr Kissinger, to $40 billion, according to an article in LE MONDE, 10 August 1976. As this newspaper stated, in addition to that amount, $10 billion will also go for weapons purchases. Thus if there is no change in the figure, $50 to $60 billion in oil money will revert to America between now and 1980. The HERALD TRIBUNE (7, 8 August 1976) has removed the obscurity and written that there will be $15 billion in trade every year, that is, $75 billion over 5 years!

24. America is the main beneficiary of the increase in OPEC member-state imports.

LE MONDE, 12 August 1976, writes that the revenues of the 13 oil states belonging to OPEC will probably increase by 14 percent in 1976 and their imports by 16.5 percent. Iran alone will purchase $16 billion, and Saudi Arabia $8.1 billion, in foreign products.

The American Treasury study makes it clear that America was the main beneficiary of the increase in OPEC member state imports in 1974 and 1975.

Quoting the International Monetary Fund, this newspaper writes that in the first 3 months of 1976 the OPEC member states' balance of payments had a deficit of $200 million in "special drawing rights"--that is, the astronomical increase in oil revenues merely increased these countries' volume of indebtedness.

25. Capital investment in the strategic Island of Palau.

This island is located in the Pacific Ocean in the American zone of influence. In January 1974 America declared that non-American capital would thenceforth be put to use in the Micronesian area. Robert (Panro), the American company drew up the capital investment program. This island is in the American zone of military influence and is also the crossroads of shipping routes from the Persian Gulf, Japan, Oceania and all Southeast Asia. For political reasons it is difficult to find another place in which to construct such a great port. This island will be retained by the American Navy for at least a generation. Because of this guarantee, the Japanese are constructing their oil storage area on this island, at a cost of $5.3 billion. Petrochemical plants (the object of the multinationals' plans) are to be built on this island. In order that Iranian money, oil and gas may be spent on this activity, Mr Robert (Panro) is traveling to Iran and bringing the National Iranian Oil Company very much in agreement with the program of capital investment in this island (LE MONDE, 21 August 1976).

26. Again, another explanation of the subject of the laying of groundwork for the destruction of the edifice of Iran's independent existence:

On the same day that the Shah was talking in an interview about the need for still greater arms purchases, the head of his Agricultural Development Bank also stated, in an interview KEYHAN (Airmail), 25 August 1976):

"There was a time when Iran was an exporter of agricultural products, but now we have become transformed into an importer of foodstuffs from abroad. In the first 9 months of last year, our total food imports came to about $1 billion. Therefore we have no choice but to view agriculture in a more desirable light because from now till the end of the Eighth Plan, when the 20-year period will be ending (that is, when the period of oil production will be ending), we will have to import $31.5 billion in foodstuffs."

27. To conclude this section, we will provide statistics on the overall state of oil revenues and the volume of arms purchases and army expenditures. Prior to the increase in oil prices, Iran's annual income from oil was about $1 billion. With the 1973-4 price increases, the revenues of Iran and the other oil-rich countries pursued the following rising course:

Year	1973	1974	1975
Total oil revenues of 13 oil-producing countries	24.2	100.7	99.6
Saudi Arabia	5.1	20.0	26.8
Iran	4.1	17.4	19.2

In 1976, the volume of Iran's revenues was more than $22 billion, with exports greater than 5.4 million barrels of oil per day. However, in the Iranian year 1977-8 (and according to predictions for subsequent years as well), oil production and exports declined to 4.6 million barrels per day and annual revenues to $19.5 billion. Overall, for the 5 years of the Fifth Plan--from 21 March 1973 to 20 March 1978 (1352-57)--Iran's oil revenues were to total $102 billion, but it has already become obvious that this amount will not exceed $89 billion.

What is this enormous amount of money being used for? Basically, it has been spent on building an army which the dominant power of the West needs for preserving and expanding its influence in the region. The rest, to the last cent, has been spent on imports from the West. According to Mr Jamshid Amuzegar (WALL STREET JOURNAL, 11 April 1977), "We are putting every dollar of oil money to use in our own economy, buying industrial goods from the West and Japan. This action of ours is raising the level of employment in America and elsewhere." Iran's imports have been estimated at more than $15 billion a year; on this account, Iran has been labelled "first in import market growth among all the countries from Europe to Japan," to the point where the only element reducing the rate of increase in imports has been ships' long waiting period to unload, which has even exceeded 5 months; to these ships the government has paid more than $1 billion in damages.

All in all, Iran's imports increased more than 81 percent between 1969 and 1973. In 1973, imports totalled $3 billion (a 31 percent increase); in the first half of the fiscal year 1974 they rose to $4.5 billion (an increase of more than 91 percent). In 1974 imports totalled $10.5 billion and in 1975 this figure rose to more than $15 billion. Because of this rapid growth, it was desired to increase the import capacity of Iran's ports to 14 million tons by 1977, but this capacity has already been increased to 29 million tons.

The amount of money which the Iranian government has spent to keep down the prices of main food commodities it imports (meat, flour, sugar and so forth) was about $733 million in 1974 and more than $1 billion in 1975. In the revised Fifth Plan, about $6.3 billion have been set aside for this activity!

In 1975, the announced amount of army expenditures was $7.8 billion, or more than 29 percent of the total government budget. This amount is 41 percent greater than the revised 1974 amount, which in itself was 250 percent above the preliminary estimated amount. It is clear that large amounts of military expenditures are made under different titles, such as road construction and development expenditures, and that army spending comprises much more than 60 percent of the budget.

Out of the 1975 military budget of $7.8 billion, it is estimated that more than $5 billion has been spent on military purchases from abroad. Different sources do not mention a common figure for the volume of military purchases from America and the West. The NEW YORK TIMES of 9 February 1977 has estimated the volume of military purchases from America at more than $15 billion since 1972. A computerized index recently prepared by the American Defense Department and apparently listing all Iran's military purchases, both of arms and of services, except for 16 confidential subjects (eight concerning the army and eight in the navy), gives the total volume of Iran's purchases from America as $11,623,444,341 from 1967 to January 1977. (Pentagon, Defense Security Assistance Agency for Military Sales, Case Listing, 1967-January 1977.)

According to another estimate from items in American newspapers, the total volume of Iran's military purchases has been as follows

Year	1973-75	1976	1977	1978
Grand total, billions of dollars	15.293	25	37	47

This constitutes more than 54 percent of Iran's total oil revenues ($89 billion). Recently (in September 1977), after the United States Congress had through its silence approved the sale of the AWACS airplane for $1.2 billion (AVIATION WEEK, October 1977), American senators said that Iran had bought more than $18 billion worth of arms from America in the past 5 years. These astronomical figures, which one cannot even imagine, are perhaps a partial reflection of the dimensions of the great treason of the coup d'etat regime, the regime which in this field of betrayal of the nation has taken first place among the countries of the third world.

Here is a comparison of Iran's military expenditures with those of other countries of the third world:

In 1975, of the 93 countries in the third world, Iran, Egypt and Saudi Arabia, in that order, were the greatest arms spenders. Iran spent $7.3 billion, Egypt $5.4 billion and Saudi Arabia $4.4 billion. These three countries' expenditures accounted for 36 percent of total third world national expenditures. The two countries after them were Israel, with $3.6 billion, and India with $2.6 billion; these five countries made up 49 percent of the total military expenditures of the third world. Seven other countries, Nigeria, Iraq, Brazil, Argentina, Libya, South Africa and Indonesia, with expenditures of $1 and $2 billion, held sixth through 12th place; altogether these 12 countries accounted for 70 percent of the military expenditures of the third world.

The cost of the weapons sold to the third world in 1976 increased by 16 percent over 1975. Forty percent of America's basic arms exports in 1976 were to Iran and 12 percent went to the nations of Israel, Saudi Arabia and South Korea each. This, ultimately, is the movement of oil revenues: to create an army for America with "Iranian" money and manpower.

Sources: We have cited the information for this section from articles in the NEW YORK TIMES and the report of the Stockholm International Peace Research Institute, "World Armaments and Disarmament: SIPRI Yearbook, 1977," as well as from the sources cited in the text.

Conclusion of the Discussion

The dynamics of the fragmentation of our national society have been accompanied by the dynamics of assimilation by the dominating societies; each is the product of the other. The dynamics of inequality--the constantly increasing inequality between us and them and increasing hostility--are the upshot of this worldwide fragmentation and assimilation process. From the time the Iranian economy fell into an increasing economic fragmentation and its fall increased with accelerating speed, the economic plans which it was intended would be carried out, or were carried out, were intimately linked with the growth plans in the dominant economies and were supplementary to them.

The Reuter Agreement[1], the Royal Bank Agreement, the 1919 Agreement[2], the "10-year Plan,"[3] the "Supreme Economic Council,"[4] and the First through Fifth Plans[5] all were plans which were codified and carried out to fragment and destroy the Iranian economy. These plans were carried out so that economic activities in this ill-starred land would be subordinate to, and would respond to, the needs of the dominant economies.

Included in all these plans and agreements were the following economic objectives:[6]

1. Domination over Iran's underground resources by the West (basically the Anglo-Saxon countries) and establishment of government budget dependence on revenues derived from the exploitation of these resources.

2. Expansion of the market for the dominant economies' products and conversion of imports into the buttress of Iran's economic and social life.

As a result of these two:

3. Creating an extended network of roads so that Iran's roads would become a part of the international road system, a system which the dominant world powers created on behalf of their own economic, political and military objectives. To this end, the major portion of the expenditures in Iran's plans have been spent on constructing roads to link the ports to the consuming cities. The Fifth Plan, which, when it is implemented, is to bring Iran to "the gates of a great civilization," is in reality a plan to enlarge and expand these gates for the entry of the dominant economies' products and introduce the objectives of the multinationals into the country. Roads which should link the active centers of an economy to one another and play the role of arteries have in this benighted land become a means for the further destruction of the national economy on behalf of the dominant economy.[7] In other words, domestic roads, linked with the main roads connecting Iran to the world market, are tantamount to capillaries which enable the dominant economy to plumb the depths of the country.

4. Change in Iran's economic structures means the fragmentation of the economy and the assimilation of areas which have been cut off from one another into areas and sectors of the dominant economy. This fragmentation and destruction, "by plan," not only has the objective of removing the country's underground resources--the plunder of agricultural resources and forests is also being contemplated.

5. Attainment of the above objectives makes firm control of the country's customs facilities a necessity. At the outset of the comprehensive onslaught on this country, an attempt was made to control the administration of customs through an agreement. However, in the past half century, with the increase in imports and their transformation into the main foundation of "economic activity," stress has been laid on an arrangement whereby the gates of the country are constantly being opened wider to the products of the dominant economy.

6. Making the banking system foreign[8] and transforming it into an instrument for the basic objectives of the multinationals. Making the currency backing foreign (at the present time, its value is backed by oil revenues) and transforming the currency into an instrument for consolidating the West's power and plundering the sources of the nation's wealth as much as possible.

7. This all, however, requires that consumption be Westernized. This requires the elimination of bothersome "ideology" and destruction of the cultural basis of our people, that is, nonexistent and negative balance, so that "a great market without which industrialization of the country would be impossible may be created through Westernization of the mode of consumption."[9] In order to Westernize consumption, it is necessary in the first place that the cities be developed in accordance with imports, government expenditures and foreign capital investment on the basis of growth of consumption (the boulevard civilization).[10]

Political changes (making the government and the military foreign) and social changes were inevitably accompanied by the above "changes" and as they were occurring Iran was fragmented in every aspect; today the export of its wealth has assumed extremely great dimensions and the number of goals of the multinationals has concurrently increased; the latter have made their goal the absolute dominance of the present and future of the world. Today "economic growth" plans reflect the goals of the multinationals, the local ruling groups and the changes occurring in them qualitatively and quantitatively.

A comparison of the periods of growth of the industrial economies and their upsurge in the era of the oil revolution and the change in the structure of Iran's budget sources, especially in the past half century, will show us the arrangements for making the basic activities of the Iranian economy foreign and for making the objectives of the dominant economies (the above seven objectives, and other ones) domestic. An analysis of the Fifth Plan will prove that the inner dynamics of the Iranian economy are parallel to the dynamics of assimilation into the multinationals and that this plan conforms totally to the objectives of the multinationals.

Section One: Coordinating the Links Between the Growth of the Industrial Economies and the Conversion of Iran Into a Foreign Economy

During the Safavid Dynasty, 95 percent of the government budget came from domestic production; customs revenues did not even amount to 5 percent.[11] During the Qajar Dynasty, as Iran gradually fell under the dominance of the newly-emerging powers, Russia and Britain, receipts from domestic production began to decline. The budget acquired four sources of revenue: revenues derived from production which was entirely domestic; revenues from customs, monopolies and indirect taxes; oil, gas and other underground sources; the budget deficit, which was met by foreign loans and aid. In 1916, 37.5 percent of the budget still came from domestic production.[12] During the era of Reza Khan, when the Reuter Agreement was put into full implementation, receipts from domestic production declined to a point where in 1941, when the period of black tyranny came, just 12 percent of the budget revenues were derived from domestic production: 18.4 percent was obtained from customs revenues and 53.2 percent from oil and other subterranean resources, and 16.4 percent was a budget deficit.[13]

As a result of the implementation of the five plans, today the relative proportions of the sections of the government budget in contrast with the Safavid Era have been completely reversed: just 5 percent of the budget's revenues comes from domestic production.

In view of the fact that the budget is an estimate of the society's production during a fiscal year, changes in its structure are simultaneously the result of changes in the structure of the Iranian economy and a factor for change in it. This change in structure shows one,that domestic production has regressed, two, that production of oil and other resources have attained a constant increase both in volume and rate, three, that imports have taken the place of domestic production, four, that the gates of the nation have opened up fully to imports, and five, that, as a result of the above points, the cities have expanded as a consequence of increases in imports, through the absorption of oil revenues on the one hand and imports on the other. This fact is expressive of another state of affairs: six, the expansion of imports in an expanding market has entailed the construction of a system of roads and its link-up with the international road system, and seven, the volume of currency and monetary institutions have attained a constantly growing expansion. The function of these institutions has been to provide the credits necessary for consummating the consumption of imports and transferring capital from sectors of the nation's economy which have remained domestic to those of its sectors which have become foreign.

In the same period in which Iran's economy was being destroyed, the industrial economies were absorbing and increasing the volume and rate of their growth. As Part One, Chapter Two, attests, the volume of growth of these economies in the third period, that is, since World War Two, reached a level without precedent in history. Among the elements which entered the stage during this period is oil. Either this factor did not appear in the first and second periods or the degree to which it did appear was trivial.

Again, the result of an analysis of the role of oil in economic growth is the fact that:

1. Oil has made the possibilities for economic growth unlimited. In other words, if the raw material and the market exist, one can increase production as much as one wants.

2. Thanks to oil, the dominant economies have succeeded in imparting an unlimited diversity to production, beyond man's primary needs.

3. Capitalism has succeeded in perpetuating its system by expanding in the context of the world and time.

4. In the industrial economies, the rate of consumption has increased faster than the rate of production, and a most remarkable point is the

fact that among the basic factors in the increase of the rate of consumption over the rate of production is the growth in the rate of consumption of industrial products in the dominated countries, in particular the oil-rich ones. In reality, if we assume the average rate of growth of consumption in the industrial economies to be 5 to 6 percent, the rate of growth of consumption in such economies as those of Iran and Saudi Arabia will be five times that rate.

Thus, the Iranian economy and the dominant economies have developed organic relations with one another through oil, oil revenues, industrial products and capital:

1. Oil, which is the motive force for economic growth in the industrial economies, as a raw material and as energy, is basically the motive force of the economy as revenues in the Iranian economy. In other words, the dominant economies are in need of the oil itself while the Iranian economy needs oil revenues.

2. Unless the market expands place and time, the economies of the West will not be able to grow and the wheels of the Iranian economy will cease moving without imports.

3. In the Iranian economy, the growth in consumption of domestic products is negative or trivial; in contrast, the growth in consumption of the products of the industrial economies is increasing above 30 percent. The increase in the rate of consumption and the dizzying acceleration of its growth rate not only makes the increased exports of the country's oil resources and other underground and aboveground resources inevitable, it also compels the government to increase the volume of foreign loans and open the way to all the expectations of foreign capital to go to work in Iran.

The parallel movement of the dynamics of the Iranian economy and the dynamics of the dominant economy, which has resulted in the fragmentation of our economy and the assimilation of its severed areas into the dominant economy, had not come about through an intrinsic process, nor have economic arrangements become the cause of it--rather, this fact is the result of the political choices of the ruling regime.

In fact, a scientific look at the plans for economic independence which the supervisor and great leader, Mosaddeq, put into implementation, will inform the investigator seeking the truth of the fact that:

1. Iran's possibilities for agricultural expansion are many. It would have been possible to put capital to work to profit from these possibilities. In reality, only 8 million of 50 million hectares of land are being farmed. Iran's water, when properly exploited, previously could irrigate 13 million hectares of land, and so on.

2. It would have been and is possible to establish and nurture Iran's industry on a basis of oil products in order to produce products which the country's toiling people would consume. By choosing large units, it would have been possible also to give jobs to the nation's young population while using the highest production techniques.

3. It would have been possible to give the nation's young population a comprehensive share in economic growth--a growth whose basic goal is to uplift and advance the toiling people themselves.

4. It would have been possible to make the imports structure conform to the independent growth requirements of the country's economy.

And so on.

However, the implementation of this plan would have been attended by changes in the country's social structure and perforce the political, economic, social and cultural leadership of the ruling groups would have been eliminated, because implementation of a plan of economic independence would mean severing the bonds of dependence and, with the severing of the bonds of dependence, the ruling groups, which are the offspring and guardians of these bonds, would have lost the bases of their existence. Therefore, another plan was put into implementation. This plan is expressive of the fact that the life and growth of the power of the ruling groups and the survival of Iran's social system depend on the export of the wealth and the labors of the people of the country and the importation of the products of the industrial economies. The economic measures which the regime has carried out by making use of its self-centered power are as follows:

1. Creating a buying power which domestic production does not have the ability to absorb. In reality, the government is creating buying power two and a half times greater than the budget through its great budget expenditures.

2. The unequal distribution of this buying power throughout the country. In reality, this power is not distributed throughout the entire country; rather, foreign countries and the big cities, the wheels of whose economies revolve about the orbit of imports, absorb almost all of it.

3. The unequal distribution of this buying power throughout the society. In fact, this buying power is distributed throughout the upper strata of the society; these groups either export the revenues out of the country, put them to work in various forms of economic gambles, or spend them on the purchase of products which the Iranian economy cannot manufacture.

4. Expenditure of the country's revenues on the extremely unbalanced expansion of the court and the military. This type of revenue expenditure increases imports--furthermore at an accelerating rate.

5. Price policy is adopted in a manner whereby capital is not drawn into economic fields which rely on domestic resources. The price of agricultural products is kept stable; in exchange, the government imports these products from America, the Far East and Europe at a high price and sells them domestically at lower prices. It is clear why this policy is not of use to domestic producers.

6. The orientation of the banks' credit policy toward facilitating imports and replacing domestic imports during the period of the Fourth Plan and the first year of the Fifth Plan in reality gave just 8 percent of the credits bestowed on the private sector to activities in the agricultural sector.

Section Two: The Fifth Plan as an Expression of the Goals of the Multinationals

Of the $122.8 billion in revenues which it was assumed Iran will obtain during the Fifth Plan, the following expenditures are to be made:[14]

[See table on following page]

	Volume of Expenditures (billions of dollars)	Percent of Total	Percent of Oil Revenues
1. Current expenditures, consisting of:	50.2	40.7	51
Military spending	(29.1)	24.0	29.6
Public affairs	(6.7)	5.3	
Social affairs	(11.1)	8.9	
Economic affairs	(3.2)	2.5	
2. Fixed capital investments:	42.2	34.1	42.5
Repayment of foreign loans	6	5	6.1
Other payments (?)	13.4	10.4	13.6
Capital investment abroad	11.0	8.8	11.2
Total	122.8		

According to the table, administrative and organization expenditures constitute 40.7 percent of total expenditures and 51 percent of oil revenues. This organization comprises three main sections:

1. Administrative organization

2. Military organization

3. Economic organization, or the establishment of infrastructure (roads, ports, airports, electricity and so forth).

Therefore, if we also add economic organization expenditures to the above, they will amount to more than 54 percent of expenditures; also, 15.4 percent spent on the repayment of loans and on other payments and 8.8 percent is spent on "capital investment abroad." What is left of fixed capital investments is 21.8 percent of total expenditures; this will be spent on "industrial and agricultural growth."

The results of this sort of planning are as follows:

1. Increasing imports and determining the import structure.

The industrial countries, whose governments' current expenditures rarely exceed one-fifth of total plan expenditures (Japan's current government expenditures in 1974 were just 8.5 percent of national spending), are faced with inflation; that is, production cannot absorb the buying power which non-productive expenditures create. In Iran, non-productive expenditures account for three-quarters of total spending. This makes the Iranian economy unparalleled in terms of generating inflation in the world. What output will absorb this great buying power, this exceptional inflation? Imports. Imports for the year 1975-6 are estimated to be $16 billion. Thus the first result of this type of classification of expenditures is expansion of the Iranian market in favor of imports. Thus there are close relations between means for classifying expenditures and economic relations with the industrial countries. Not only is the type of expenditure directly linked to the volume of trade; it also has a direct link to the type of product and the composition of imports. When one reviews the volume and composition of Iran's imports, one notes that expenses of this type are to a large degree related to the imports of consumer goods. This constitutes one of the radical objectives of the multinational companies--that is, monopolizing, expanding and disseminating the market.

With what money, however, must one pay the price of these imports (which in 1975-6 increased to about six times the level of 1972-3, the last year of the Fourth Plan, and are growing at amazing speed)? When one reviews the government budget, one will observe that at the same time there is a direct relationship between increased government expenditures and increased imports, imports are increasing at a greater rate and at accelerating speed (especially when we add the flight of capital from the country, contraband imports and imports exempted from customs to the official imports figure). This means that more money is needed to pay for imports every year: the increase in the price of oil and the increase in revenues has not resulted in the loss of need for foreign loans: the 1976-77 budget has a deficit in excess of $2.1 billion (or by the Shah's latest statement, $4 billion). In order to obtain greater revenues, the government has lowered the price of oil on behalf of the Consortium so that it will produce and sell more oil. Thus one must obtain the money required by constantly increasing oil and oil products exports. This will guarantee the two following inevitable things:

Increased volume of oil production, or, more properly, elimination of the possibility of reducing production, so that regulating the volume of production will remain in the hands of the Consortium.

Creation of crude oil and petrochemical industries which are related to the industrial economies, produce for those economies and are a part of those economies; the oil industry does not establish mutually complementary relations with the Iranian economy.

Thus the internal dynamics of the Iranian economy, oriented toward the constantly increasing export of the country's sources of wealth and the product of the labor of its toiling people, are adapted to two other basic objectives of the multinationals:

Full power to shackle the production of raw materials and energy and regulate the volume of their production in accordance with their own needs.

Distribution of production among various countries, with two basic objectives: one, to raise the profit rate to its maximum and use all resources in all stages of production in all countries of the world, and the other, to reduce the influence of political changes on the mode of production management and the shift of consumption and deprive governments of influence (even if they change and are replaced by national governments fighting for independence).

2. Imports, the main axis of economic activity:

Today the country's activity has reached the point where life without imports has become impossible. Foreign products have become the axis of activities in all fields of economic endeavor. Even activities in the agriculture and construction fields are gradually assuming a different form, along an axis of imports. The world's countries are being treated like the satellites of these multinationals' "motherland"; part of the production takes place inside each country, according to that country's economic structure. Assume that the world has been transformed into a great factory in which countries which have a subordinate role have not only given up every form of practical independence but must also provide the necessary modifications in nature in the form of the construction of roads, ports and airports and provision of the country with a system of roads, urban development and selection of industrial sites so that they can become part of the world network of production. The distribution of production throughout the world is as follows, and more:

Societies--including ours, among others--are not treated as aggressive, and active; rather, the requisite changes must also take place within them so that they will always remain obedient and acquiescent and adjust themselves to the changes imposed upon them from abroad. The constantly growing acts of oppression and the immoderate growth of the military and the court will make these changes possible.

Many people with differing outlooks who have been and are content with outward appearances in their studies have claimed that countries like Iran have dual economies, which they consider to be composed of two parts, one "modern" and aggressive, the other "traditional." Their entire preoccupation has been how to absorb the "traditional" part into the "modern" one. They have not paid attention to the fundamental point that the "modern" sector has been imposed upon these economies from outside, has not been formed, has not emerged, from the depths of the "traditional" sector, and for this reason does not have an influence similar to that of the "modern" sector in industrial economies. In dominated economies, this "modern" sector has become a parasitical instrument which performs two activities simultaneously the more its power increases:

Exporting natural resources and the product of society's workforce outside the society, to the end of:

The comprehensive fragmentation of the dominated society.

Not only is the military put to work as a reprepressive, fragmenting force to advance these two activities, so is a portion of the revenues derived from the export of resources. The Fifth Plan is the expression of the exertion of this increasing fragmenting repression.

The explanation of this subject requires an answer to these two questions:

1. If import substitution requires that the multinationals derive maximum benefit from the manpower and natural resources of subordinate countries, do the multinationals in exchange make themselves conform to the needs of the national society?

2. Is the production surplus being used in our own economy or elsewhere? Is the country's economy acquiring an aggressive, creative structure even if it is dependent?

Recently, in response to these questions, a group of Western economists have raised the matter in the following form under the title of "trilateral capital investments": the oil-rich countries have capital, therefore can provide capital: the "non-oil third world countries" have unused manpower and natural resources, and therefore can provide these elements; the industrial countries have technology and scientific powers at their disposal and can provide those elements. Through the composition of these three elements, economic growth can arise! They hold that a country like Iran, which has both manpower and resources, can by itself constitute two of the three sides, therefore growing by absorbing technology and skilled manpower and being transformed into an economic power. They also believe that the expansion of steel industries and the establishment of nuclear power plants will provide the elements for the emergence of an economy which will acquire an aggressive structure!

In light of this view, we will seek the answer to the two above questions in the following section by studying ways in which import substitution occurs:

3. Elimination of the independent economy and the basis and potential for regaining economic independence:

The link between the "modern" and "traditional" economy is not a matter of absorbing the old into the new but of destroying the foundations of the independent existence of an economy. The matter of the 30 to 90 percent dependence of industrial fields' output on the foreign world is not the only issue in the Iranian economy, where as our industries gradually grow the degree of dependance could gradually decline; the agricultural sector's dependence on the foreign world is not just one of tractors, reapers, threshers and the like, which one may state will gradually be manufactured in Iran itself. The issue of severing the bonds of the Iranian economy is not merely to be summarized in the fact that different industries do not have mutually complementary links with one another of a sort where one may state that industrial complexes might gradually come into being around the parent industries. The problem is not just one of an absence of skilled manpower where one may say that we should first import from abroad and gradually Iranians will take the foreigners' place. (Let us leave aside the fact that this has not yet occurred in the oil industry.) The matter is not just one of a lack of water, where one may state that we should create industrial installations alongside the Persian Gulf. The issue is not just a question of the fact that each sector of the Iranian economy is dependent in several various strong fields on the dominant economies (see the article on the dependencies of the Iranian economy, Appendix One), where one could say that these bonds will gradually loosen as the modern economy assumes a definite structure. The issue is not just one of extreme inequality of income distribution where one could say that more equitable distribution will occur alongside economic progress. These are all the offspring of the incursion of the dominant economy, are evolving in accordance with the destruction of man and nature, and are manifestations of the following two states of reality:

1. The permanent and increasing contradiction between man and an economy which is becoming alien.

2. The planned, predetermined destruction of man and nature.

When these subjects are reviewed in the light of these two states of reality, the extreme gravity of the situation as it is becomes apparent and the answer to the two questions above is precisely grasped. In order to render the answer in clear terms, we will draw up the following dialog, which is a simplified form of the preceding discussion:

Question: What would the Iranian military become were there no American military hardware?

Answer: A lion with no mane, no blood and no guts.

Question: What would Iranian industry become were there no imports?

Answer: Immobile skeletons faced with rusting and corrosion.

Question: What would Iranian agriculture become were there no imports?

Answer: Even that which exists would cease to be.

Question: What would the roads become if there were no imports and no exports of resources?

Answer: They would be deserted and abandoned.

Question: What would the cities and so forth become if there were no imports?

Answer: At first they would give out loud cries, then finally emit death rattles, like monsters which are kept without food.

Question: What would imports become were there no oil?

Answer: There would be no "imports" involved.

Therefore:

Question: What would the government become were there no oil revenues? What would the Shah become?

Answer: Our hero made of cotton or the Westerners' Don Quixote!

Question: What would the people of the country do?

What really would the people of the country do if they put nature to flames by their own hand? What would they do if in the course of their cultural self-alienation they totally abandoned the science and technology of renovating life and adding to the ramparts of nature, having acquired no proficiency in the service of the multinationals except the art of burning up their talents and their nature?

The foundation of every society's economic activity is established on the natural and social groundwork of that society, and needs are regenerated in connection with that groundwork. While the imposed economy devours natural resources, it puts manpower to work but does not aspire to conform to the abovementioned groundwork: as a consequence, it gradually removes man from his own land. New needs are not generated from man's activity on his natural and social grounding but are imposed on man from outside. Because the groundwork is lacking, thoughts turn away from producing and become sterile. The result of the permanent and increasing contradiction between man and an economy which is becoming alien is a humanity which is cut off from its own groundwork, through deprivation of the most basic dimension of growth--that is, the development of the sovereignty of creativity of thought--and is becoming an economic plaything which is not of his own essence, indeed is alien, a parasite on resources rendering his capabilities sterile.

This economy takes the sources of wealth (oil, copper, gas and so forth) from our natural assets in greater and greater amounts and in their place provides products which in turn are extremely effective in destroying man and nature. Thus a nature like that of Iran has two destructive elements which are constantly growing more destructive. However, this destruction takes place at the hands of the very workforce which is being supplied by the people of the nation and Iranians are being called on to engage in destroying their own nature and spirit against their own existence and to place themselves at the service of the exportation of their resources and the importation of those economic products and installations whose function is to fragment the national economy and destroy all opportunities to emerge from the worldwide orbit of the capitalist economy. This in itself is the internal contradiction. Without the pressure of increasing repression, how is it possible for man to give himself up to premeditated, deliberate destruction? One must seek the reasons for the astronomical military expenditures and the great facilities for means of oppression and suffocation in this very contradiction and destruction.

Now, in the light of these explanations, it is not difficult to understand the fact that the development of the structure of an economy does not mean the creation of mutually complementary relations among economic fields and their aggressive emergence into relationships with one another in the event they do not develop a connection with nature and effective, creative society and remain alien to both in the present and future, except in the sense of the perfection of a parasitic system which will absorb society's resources and workforce in dimensions several times greater and cause them to flow away from the society. Let us leave to the side the fact that the relationship between dominant and dominated societies prevent the formation of a structure on the one hand, since each field is an industrial complement extending throughout the rest of the world.

Aside from this, the consequence of 70 years of plundering of the wealth of the country is this kind of industry which is totally fragmented and has been a factor in the destruction of the nation's economy and in substitution through imports. If capital is to be invested to create mutually complementary relations among the various fields of the economy, there will be a need for capital dozens of times greater than that which exists. Where will this capital come from? Assuming the impossible, that it is possible to fuse scattered unrelated industries and make them interrelated, in what money will the price of the imports needed to supply this industry, whose volume is several times greater than that of today's imports, be paid?

An economy whose function is to destroy man and nature cannot enjoy an intrinsic growth. Nor can such an economy provide impetus for movement and growth from its own intrinsic activity. The notion of the groups ruling Iran, that Iran will be transformed into a center for the distribution of industrial goods in the region, is a crude fancy, since the money necessary for paying the price of imports will have to be procured by exporting other sources of wealth and, if no sources of wealth remain, everything will lie dormant. Isn't this onslaught of capitalists buying homes and so forth and ensuring their future in Western countries(in the first 6 months of this year $650 million dollars were exported from the country!) a sign of this fear of the future?

These enlightening facts will guide us to the proper answers to the questions which have been raised:

Since the units of the Iranian economy have become and are becoming a part of multinational industrial, agricultural and mining companies, they firstly [1] cannot independently develop mutually complementary relationships among themselves; as a result not only do they produce natural resources and manpower in the service of the multinationals in a constantly increasing fashion, they cannot, secondly, be made to conform to the needs of the national society. In reality another strategy of the multinationals is not only to make production activity independent of needs which arise outside the control of their activities but also to substitute needs which are in keeping with the concentration and proliferation of capital and perpetuate them in larger dimensions.

2. It is clear that when an economy has become estranged from nature and society, it can establish mutually complementary relationships only in subordination to the goals of the multinationals. Therefore, today, even the rug business is no longer an Iranian industry, since dyes, wool, thread and so forth all come from abroad. It need not be said that such an economy, partly because it exhibits more consumption than it produces, gives its sources of wealth (oil, gas, copper, the output of labor and so forth) to the outer world and draws its consumption (imports) from the outer world; in other words, leaving natural resources to the side, this economy even exports the surplus created by activity involving imports outside the nation's dominance. Thus the multinationals' strategy is not simply to substitute imports but to eliminate the growth of man and nature as a goal of economic activity and to superimpose the continued production of capital in greater dimensions as the goal of these activities.

4. [Sic] The elimination of every type of actual and probable control over capital, management, markets and technology and over the economic system and its orientations as well:

Through the aggressiveness the dominant economy possesses, imports bring technology in with themselves and cause it to dominate. At first glance, this appears positive; coincidentally, the ill-starred officials responsible for the people of the country, in justifying the transfer of oil revenues to the dominant economy, consider one reason to be meeting the need for "advanced technology." However, the issue of technology will acquire an importance in the future many times greater than in the past, because by being deprived of it our country went under domination for 200 years, was plundered and was subjected to the vilest oppression and exploitation. Every society must be provided with the technology for renovating the life of nature and its economic system. Imports, by acting as a replacement and alienating nature and man, prevent the attainment of this technology. In reality, technologies are evolving in a direction where the instruments of production are in the possession of the multinationals and thus they leave the people of countries like Iran no room to put their capabilities to use and innovate the appropriate technologies in specific natural-social fields to impart growth to the country's economy. This technological dependence has currently been keeping the dominated countries obedient to the industrial countries. What will the situation be when the people of countries such as ours become totally severed from the very fields of their own life, and those who possess the technology withhold it from us? As was stated in Part One, Chapter Two, the difference between countries which are passing into the post-industrial era and the advanced industrial ones is the difference between two civilizations, or between the human and the subhuman--so what will the difference between them and us be? No country can come into possession of a technology just by importing technology. Rather, it comes into possession of technology through the constantly growing expansion of the scope of work for minds and hands. How much can that influence the evolution of a human society on the basis of the lofty values of quests, movements, oversights, headlong rushings, leadership, relativity, and the acquisition of universality! By using imports as substitutes, the multinationals acquire absolute power over technology, and any kind of capability which wishes to become involved in a field of activity must perforce seek activity within the confines of their monopoly. The industrial countries, themselves equipped with the new technologies, are currently in a state of agitation over the fear of giving up every form of scientific and technical independence, and the ruling apparatus gives the people of our country the good tidings that it is importing technology in the place of educated people who are disappearing, so that the multinationals, in order to remain the masters of technology and deprive the countries of the world of scientific and technological independence, pursue two basic goals:

1. Making the distribution of production conform to the distribution of technology throughout the world. In this manner not only do they coordinate the stage of production with the stage of technological development in the various countries--they also use just a stage of technology and a part of the complex of technology in each country.

2. They strip the human force of its nationality, not to create a free world in which the humanity of man can flourish but to transform workers into slaves who will work quietly and docilely in their service in various countries of the world. They subject the obedient, docile Iranian worker in the Persian Gulf countries, and Korean, Filipino and other workers in Iran, to exploitation.

However, it is not just the control over technology which is being lost, it is also the control over capital and monetary policy which is falling into their hands. We have clarified the forceful removal of control over industry and the assignment of control over capital investments to the Consortium (a matter which the regime has had no choice but to admit); however, the forceful removal of national jurisdiction is not limited to the subject of oil. Through the draconian plans which have been carried out--especially through the implementation of the Fifth Plan--Iran has relinquished, and is relinquishing, every form of control over the consumption of its own capital. In reality, when activities take form along an axis of imports, capital can find no further scope for activity and government revenues must be spent to create infrastructures which will prepare the country to absorb further imports. Regarding the control of financial capital, it must be stated that no currency today is immune from affliction by the games of the multinationals. Can the currency of a country such as Iran, which essentially has no backing except oil revenues and is tantamount to a Persian translation of foreign currencies, have an existence of its own? The Iranian banking system, through the multilateral contacts which it has with the banking system of the capitalist world, the most important instrument of the "multinationals'" power, is the conduit of their economic policies in Iran; it is in the hands of these banks that the revenues which are generated in the country are absorbed into the economic orbit of the multinationals. (See "The Transfer Movement of Oil Revenues.")

Thus, one of the multinationals' most important objectives is monopoly control over the flow of capital. Like an international network, the banks must regulate this. All types of economic activity which allow capital to depart from the worldwide orbits of the multinationals will--through the internal energy of the economies, of course--impart a different direction, in contradiction to the centralization and proliferation of capital on a worldwide scale, and will remove control from the hands of the multinationals, disturbing their future; whereas guiding capital in the multinationals' worldwide orbit will cause the regimes of the dominated countries to see that preservation of their existence (in the manner which has been described) will lie in further assimilation into the dominant system up to the point where domestic pressure for the exportation of society's wealth and workforce becomes greater than the absorptive capacity of the dominant economies.(Isn't the volume of oil which the Shah wishes to export by reducing the price greater than the volume of the oil which the dominant economies want to import?).

At the same time, just as they determine the type of technology and the type of production, the multinationals also determine the type and volume of capital; for this reason, they pursue the two following objectives:

1. Orienting the flow of capital throughout the world, or prorating it by country in a manner whereby, in accordance with their needs, they put capital to work throughout the world in the fields they wish, in the manner they wish and in the areas they wish.

2. Orienting the flow of capital within every country in a manner whereby capital investment programs are reduced to that prorating of capital, or, in other words, capital investment is made in every field in a volume which is compatible with the goals of the multinationals.

In the light of these descriptions, refer back to Table One and you will see that the distribution of credits reflects the multinationals' objectives in the field of guiding capital.

It goes without saying that making the system of production, product distribution and capital flow on a worldwide scale disturbs the relationship between man and nature. Moreover, this is in accordance with the flow of products which must determine the sites of factories, road systems, locations of cities and so forth. Industrial, road and port construction, city planning and other programs listed in the Fifth Plan most clearly respond, in their application, to the multinationals' international system of production and distribution. The absolute dominance of nature means among other things that, aside from the wanton pillage of the resources existing in nature, and aside from forcing man and nature to conform to the multinationals' expectations, it is necessary to endure the constantly increasing contamination of nature.

Again, through the monopoly dominance of technology, capital, plan implementation sites and so forth, it is clear that the management of economic activities also lies in the hands of these multinationals. For example, in our country, doesn't the management of oil production, petrochemical industries, the banking system, the military, the Plan Organization, mixed industries, agricultural and industrial organizations, etcetera, lie with with the representatives of these multinationals and "foreign advisors?"

An extremely noteworthy point is that the nominal ownership of resources, lands, workforce and the rest reflects no specific, palpable state of affairs. While Iranian society is nominally the owner of Iran's sources of wealth and holds the power over its own destiny, in reality, for more than half a century (especially in the past half century, during the Pahlavi Era), it has been stripped of every form of power over the country's sources of wealth and over itself, and at the hands of the "Iranian" military and administration. Thus, in planning, the nationality of capital lacks importance of any kind; what is important is the management of this capital, the function of this capital, and the areas toward which this capital turns. In other words, the extent of the coefficient of dependence has a direct relationship to the degree of power the dominant force has over management of the factors of production and an inverse relationship to the token ownership of the elements. Put simply, if some power can comprehend all the elements of production (capital, labor, raw materials and technology) which belong to others within the grasp of its own administration, and put those to work in the area it wishes, the degree to which the owner of the factors is dependent on him will increase. It is for this reason that during the period of Mosaddeq's government, whenever oil talks touched on the manner in which the oil industry would be managed, they became inconclusive and were broken off. Since then, with every agreement Iran signed with the Consortium, the Consortium's grip over the management of this industry has tightened.

5. Increasing the coefficient of the dependence of the nations of the world on the motherland and the multinationals themselves:

A table on Iran's economic dependence has been drawn up and published[15], but these forms of dependence are the simplest manifestation and portrait of a real state of affairs whose limits can be ascertained with the aid of a scientific description. In Section Two, the numerous and various objectives of the multinationals were subjected to discussion under five headings. There is no room for doubt that they are not only following objectives which they have had for a century but have also gradually increased the number and diversity of the objectives as the plan has been carried out. The effects of the internalisation of the objectives of the multinationals, or the conversion of the country's economy into a foreign one, which show the number and diversity of the forms of dependence of the Iranian economy, are cited herewith in the light of this study:

1. Increasing the coefficient of change in the structure of production and consumption.

2. Increasing the coefficient of change in the structure of costs.

3. Increasing the coefficient for shortening the time period in which one can continue to function without imports.

4. Rapidly increasing the coefficient of the costs of eliminating and absorbing hostility (costs of repressive forces and the costs of making man official).

5. Increasing the coefficient of the costs of maintaining a balance of forces throughout the world.

6. Increasing the coefficient of political self-interest and the instability of status.

7. Increasing the coefficient of social inequality and increasing the rate of the fragmentation of society into layers.

8. Increasing the coefficient of the speed of assimilation into the dominant society.

9. Increasing in an accelerating fashion the coefficient of inequality among the dominant industrial economies and the Iranian economy, and, as a consequence of all this:

10. Increasing the coefficient of destruction of man and nature.

These are the roles of oil in the Iranian economy. A century ago, our national resistance cancelled the Reuter agreement, but today, after one century of the use of oil revenues, a plan is being carried out of which one cannot consider the Reuter agreement more than a small part.

Will those whose function it is to inform and motivate the people continue the exhausting encounters? Will the "chancellors of the role of the palace" continue to be unmindful of the danger facing the "foundation" of the nation's existence?

In this period, when the road to awareness and consciousness of the basic issues has unfortunately become very narrow, activities of this sort cannot be without benefit.

Conclusion of the Discussion: Footnotes and Sources

1. The Reuter agreement was concluded on 25 July 1872 (18 Jumada al-Thani 1289) between Baron Julius Reuter and Mirza Huseyn Khan, the commander in chief of the grand vizier Naseredin Shah. The seven objectives cited in this concession document are exactly the same as those which have been the basic goals of Iran's economic growth plans in the past 50 years. See the statements below (6).

2. The 1919 agreement was concluded by Vosugoddowleh and the British government and comprised the seven objectives which were described in the text. In addition, there was the goal of taking over the administrative and military organization, which went into effect with the 1920 coup d'etat and set the country on the road to turning foreign.

3. The 10-year "program" was a plan to westernize consumption in Iran and create a large consumer market benefiting the dominant economies; this was carried out in the era of Reza Khan's rule. See:

Mehdiqoli Khan Hedayat (Mokhberossaltaneh), "Memoirs and Memoirs," Four [sic] second printing, Tehran, 1965, p 407.

4. The "Supreme Economic Council" for programming the Iranian economy, that is, for pursuing the above seven goals in order to strengthen the imperialistic British command, was formed in 1937. See:

Dr Sadeq Barzegar, "Capital Investment in the Developing Countries," p 115.

5. After the war America, the new monster, also entered the stage of the competition to plunder Iran's resources. There was a conflict between that power and Britain over "programming" the Iranian economy, and America won. The number, variety and nature of the seven objectives increased, and the flow of plundered wealth (the main portion of it) shifted toward America. See George B. Baldwin, "Planning and Development in Iran," 1967, pp 24-35. Since 1948, the Iranian economy has been programmed. In the era of Mosaddeq's government, the economic independence plan was carried out in place of the First Plan. (Speeches by Dr Mosaddeq at the 16th session of the National Consultative Council, Volume One, Fascicle One, Introduction and p 41.) (ENTESHARAT-E MOSADDEQ, 2.)

6. The seven articles cited in the text are reproduced identically in the 24 chapters of the Reuter agreement:

Article One: Chapters 11 through 14

Article Two: Chapters Six and 21

Article Three: Chapters Three and Four

Article Four: Chapters One through 23, especially Chapter Six

Article Five: Chapter 19

Article Six: Chapter 20

Article Seven: Chapter 21.

For an observation on the text of this agreement see:

Mahmud Mahmud, "History of Diplomatic Relations between Iran and Britain in the 19th Century," third printing, Tehran, 1956, Volume Three, pp 773-779.

7. This extremely important issue was just subjected to attention by the popular leadership of Modarres and Mosaddeq, causing their opposition to the role of road building in Iran. See, inter alia:

Dr Mosaddeq's speeches and writings during the fifth and sixth sessions of the National Consultative Council, pp 179-181 and 188-199.

8. Regarding the methods for preparing the groundwork for this subject, see A. Daneshpur, "The Imperial Bank and the Concession," second printing, Tehran, 1948, throughout.

9. On this subject, there are many sources. See, inter alia: "Memoirs and Memoirs," p 81.

"Memoirs of Haff-e Sayyah, or the Period of Fear and Terror through the Interpretation of Hamid Sayyah," Tehran, 1967, pp 125, 248 and 259.

Abdollah Mostowfi, "My Autobiography, The Social and Administrative History of the Qajar Era," Tehran, 1964, Volume One, pp 666, 668.

Regarding the need to change consumption, see also, inter alia, Mirza Aqa Khan Kermani, "One Hundred Speeches," p 145.

10. Mehdiqoli Khan Hedayat used the expression "boulevard civilization" to describe the situation created by him and others like him against

their will, that is, that of being content with those aspects of civilisation which concerned consumption, changes in morality, conduct, hopes and so forth in pursuit of advanced consumption.

11. The calculation has been made in accordance with the figures Chardin has provided: Chardin, "Voyages en Perse," Ed. Langles, Paris 1811, Volume 5, pp 394-415.

12 and 13. The calculations have been made in accordance with the data furnished by the following books:

Julian Bharier, "Economic Development in Iran, 1900-1970," Oxford University Press, 1971, pp 62-71.

Dr Moshref Nafisi, "Expensive Life of Workers," Tehran, Summer 1942, pp 15-16, and Dr Abu Taleb Mohandes, "Public Finances," publication of the Higher Accounting Institute, Tehran, 1971.

14. Summary of the Fifth Plan published in English by KEYHAN, p 3.

15. See Issue 40, KHABARNAMEH, National Front of Iran, April 1975.

Statistical Appendix of the Book: Oil and Gas Resources, Production, Consumption, and Oil Products in the Past, Present and Future

In addition to the tables in the text, it seemed useful to assemble figures and data related to oil industry activity from the beginning in this appendix, and also to include calculations which have been made concerning the production and consumption of oil products in the coming decade or two. In spite of all the efforts which have been made to assemble and present the most reliable figures and data, the reliability of none of the figures and data can be guaranteed. The benefit of statistical data lies in their use for seeking out relationships, pursuing economic activities throughout the world, and understanding the manner and extent of the consequences of economic relations, arrangements for centralizing and accumulating sources of wealth, capital and capabilities throughout the world, and relations between interrelated economic drives. Otherwise there does not seem to be any purpose in praising them.

Section One: Production and Consumption of Oil and Gas in the World

Table One: Probable and Producible Oil and Gas Reserves in the World

Country	Oil, in Billions of Tons	Gas, in Billions of Cubic Meters, Jan.1974
1. Middle East and North Africa, with 58.7 Percent of Total World Reserves		
Abu Dhabi and other emirates	3	425
Iran	9.1[1]	5,660[2]
Iraq	4.2	623
Kuwait	9.1	1,230
Offshore Neutral Zone	2.1	225
Qatar	1	1,685
Saudi Arabia	20	2,915
Oman, Bahrain and others	2.3	575
Algeria	6.9	3,990
Libya	4.2	814
Total	61.9	18,142 to 22,308
2. Rest of non-Communist world		
Africa	15.2	17,587
North America	8	7,662
South America	4.3	
Southeast Asia	2	
Total	29.5	
3. Russia, China and Eastern European countries	14	17,982 (Russia alone)
Total world reserves	105.4	

1. KEYHAN (Airmail), 8 June 1977, quoting the National Oil Company, states that according to an estimate made recently, Iran's oil reserves have been estimated at 190 billion barrels, which is triple the reserves listed in the table!

2. According to other estimates, about 9.5 billion cubic meters.

The major oil companies provide these figures which of course they are met with doubt and skepticism of every kind; for example, Iraqi and Russian experts and Americans free of the restrictions of commitments vis-a-vis the major oil companies have respectively estimated Iraq's reserves at two and four times the above volume, that is, the equivalent of the reserves of Saudi Arabia. (The table and statements have been drawn from Pierre Pean, "Petrole, la Troisieme Guerre Mondiale," Paris, 1974, pp 53, 54; Nicolas Sarkis, "Le Petrole a l'Heure Arabe," Stock, Paris 1975, p 312; and J. M. Chevalier, "Le Nouvel Enjeu Petrolier," pp 272-276.)

Table One (A): Known and Producible Gas Reserves in the World

Area		Remaining Reserves, Billions of Cubic Meters	Gas Remaining, Gas in Billions of Barrels of Oil Equivalent
OPEC:	Iran	9,342	57
	Saudi Arabia	2,916	18
	Other countries of the Middle East	2,718	17
	Algeria	3,567	22
	Other countries of the Middle East	3,766	23
	Total OPEC	22,309	137
North America		7,587	46
Western Europe		5,125	31
Rest of the non-Communist world		4,530	28
Total, non-OPEC		17,241	105
Total, non-Communist world		39,550	242
Communist countries		23,639	144
World total		63,189	386

Source: OIL AND GAS JOURNAL, December 1975, quoted in page 149, "Energy: Global Prospects 1985-2000." For ease of comparison, we have changed the columns bearing on gas reserves from cubic feet to cubic meters.

Table Two: World Crude Oil Production, 1860-1976 (thousands of tons)

Year	America	Canada	Mexico	Venezuela	Middle East	Indonesia	Russia	Africa	Others	World Total
1860	68								3	71
1880	3,600	47					406		51	4,104
1900	8,714	123				300	9,841		879	19,657
1920	60,675	26	23,566	70	1,628	2,365	3,832		4,549	96,910
1930	123,117	204	5,931	20,154	6,361	5,532	18,612		16,564	196,475
1944	226,723	1,360	5,500	38,340	19,074	4,400	23,500		20,510	339,407
1945	231,198	1,142	6,057	46,368	27,017	1,359	20,500		19,522	353,143
Percent	65	--	2	13	8	--	6		6	100
1946	234,215	1,021	7,040	56,700	35,468	300	21,600		18,733	375,077
Percent	62	--	2	15	10	--	6		5	100
1947	250,791	1,036	8,052	63,562	42,028	1,130	27,000		20,487	414,076
Percent	61	--	2	15	10	--	7		5	100
1948	277,190	1,654	8,376	70,116	57,770	4,130	29,100		22,357	471,106
Percent	59	--	2	15	12	1	6		5	100
1949	252,996	2,868	8,724	69,012	71,188	5,930	33,200		25,357	469,275
Percent	54	--	2	15	15	1	7		6	100
1950	271,081	3,910	10,296	78,240	87,727	6,415	37,900		29,263	524,832
Percent	52	1	2	15	17	1	7		5	100
1951	302,600	6,424	10,934	89,062	97,119	7,445	42,400		31,067	587,051
Percent	52	1	2	15	17	1	7		5	100
1952	308,978	8,244	10,900	94,626	105,205	8,526	47,500		37,239	621,216
Percent	50	1	2	15	17	1	8		6	100
1953	317,757	10,837	10,207	92,261	122,166	10,225	52,800		39,652	655,907
Percent	48	2	1	14	19	2	8		6	100
1954	312,257	12,935	11,729	98,586	137,453	10,598	59,280		42,955	685,793
Percent	45	2	2	14	20	2	9		6	100
1955	334,931	17,426	12,599	112,379	162,468	11,790	70,793	--	47,684	770,070
Percent	43	2	2	15	21	2	/1/ 2	--	6	100
1956	352,849	23,126	12,796	128,923	172,455	12,730	83,796	140	50,903	837,714
Percent	42	3	2	15	21	1	10	--	6	100
1957	353,045	24,481	12,491	145,316	177,972	15,469	98,340	281	54,892	862,246
Percent	40	3	1	17	20	2	11	--	6	100
1958	330,121	22,283	13,331	138,636	214,702	16,109	112,900	1,408	58,373	907,863
Percent	36	3	2	15	24	2	12	--	6	100

Table Two (continued)

Year	**America**	**Canada**	**Mexico**	**Venezuela**	**Middle East**	**Indonesia**	**Russia**	**Africa**	**Others**	**World Total**
1959	347,073	24,875	13,716	146,573	230,928	18,215	129,500	2,770	64,763	978,413
Percent	35	3	1	15	24	2	13	--	7	100
1960	347,121	25,827	14,125	147,883	264,994	20,797	147,900	10,428	71,999	1,051,070 ([illegible])
Percent	33	3	1	14	25	2	14	1	7	100
1961	353,432	29,733	15,213	152,147	284,185	21,445	166,068	19,691	77,470	1,119,384
Percent	31	3	1	14	25	2	15	2	7	100
1962	360,762	32,865	15,918	167,310	312,655	22,795	186,242	33,219	82,064	1,213,837 ([illegible])
Percent	29	3	1	14	26	2	15	3	7	100
1963	371,775	34,775	16,348	169,238	343,830	21,323	206,070	51,426	87,276	1,301,373
Percent	28	3	1	13	26	2	16	4	7	100
1964	375,684	36,977	16,448	177,271	386,727	24,032	223,600	75,899	91,900	1,408,538
Percent	27	3	1	13	27	2	16	5	6	100
1965	384,000	39,269	16,770	181,099	418,506	24,100	243,000	100,347	96,438	1,503,529
Percent	25	3	1	12	28	2	16	7	6	100
1966	471,340	49,782	17,215	175,654	472,655	23,244	267,804	129,799	102,549	1,710,042
Percent	27	3	1	10	28	1	16	8	6	100
1967	502,819	54,463	18,711	184,061	505,070	25,310	288,000	144,132	108,895	1,831,467 ([illegible])
Percent	27	3	1	10	28	1	16	8	6	100
1968	502,767	56,947	20,014	187,144	572,961	29,400	309,000	182,387	114,695	1,975,315
Percent	25	3	1	9	29	2	16	9	6	100
1969	510,411	62,059	21,067	187,413	633,678	39,650	328,648	230,812	120,793	2,134,531
Percent	24	3	1	9	30	2	15	11	5	100
1970	533,677	69,954	21,877	193,209	713,881	42,102	352,667	274,597	134,212	2,336,176
Percent	23	3	1	8	30	2	15	12	6	100
1971	532,000	75,500	21,500	184,000	823,720	44,000	378,000	258,925	147,075	2,464,720
Percent	22	3	1	7	33	2	15	11	6	100
1972	532,200	88,800	22,000	171,500	895,400	53,400	394,000	282,400	160,000	2,611.300 ([illegible])
Percent	20.4	3.4	0.8	6.5	34.3	2	15.1	10.8	6.7	100
1973*	517,900	101,800	22,500	178,800	1,045,200	64,200	421,000	291,500	194,500	2,837,400
Percent	18.25	3.6	0.7	6.3	36.9	2.2	14.8	10.2	7.05	100
1974*	482,100		141,700(1)	158,200	1,077,500	69,000	451,000	272,500	203,900	3,850,000 ([illegible])
Percent	16.9		4.6	5.6	37.8	2.5	15.8	9.6	7.2	100
1975**	411,000	70,000		227,000(2)	970,400	109,000	490,000	244,000	125,000(3)	2,644,000 ([illegible])
Percent	15.6	2.6		8.6	36.7	4.1	18.6	9.2	4.6	100
1976**	403,000	63,000		227,000	1,016,200	122,000	521,000	279,000	142,000	2,844,000 ([illegible])
Percent	14.2	2.2		8	38.7	4.3	18.3	9.3	6	100

Table Two (continued)

Sources: To 1930, "The Science of Petroleum," Oxford University Press; from then to 1973, PETROLEUM PRESS SERVICE.

*Source: Central Bank Report to 1974-5, pp 203-4.
**PETROLEUM ECONOMIST, quoted by TEHRAN ECONOMIST, 22 January 1977.
(1) Canada and Mexico combined.
(2) Latin America and Mexico combined.
(3) Latin America, Colombia and Trinidad have been removed from this column and added to that of Latin America. This column includes Europe, China and other Communist countries.
(4) [sic]

Table Three: Crude Oil Production in the Middle East (Except Iran, Thousands of Tons, 1944-1971

Year	Saudi Arabia	Kuwait	Iraq	Abu Dhabi	Other Areas
1944	1,558	--	4,152	--	16
1945	2,892	--	4,712	--	1,701
1946	8,134	817	4,786	--	1,808
1947	12,192	2,234	4,809	--	1,760
1948	19,384	6,803	3,505	--	2,643
1949	23,611	12,392	4,156	--	3,252
1950	27,077	17,311	6,673	--	3,762
1951	37,717	28,214	8,739	--	5,688
1952	40,509	37,637	18,843	--	7,176
1953	41,382	43,286	28,211	--	7,965
1954	46,875	47,723	30,66	--	9,188
1955	47,535	54,756	33,684	--	10,324
1956	48,622	54,982	31,313	--	11,008
1957	49,002	57,286	21,880	--	14,104
1958	50,128	70,217	35,670	--	18,097
1959	54,162	69,533	41,730	--	19,873
1960	62,065	81,863	47,500	--	21,516
1961	69,227	82,482	49,030	--	24,746
1962	75,766	92,177	49,190	808	29,329
1963	81,045	96,197	56,670	2,483	34,751
1964	85,794	106,715	61,429	9,003	39,537
1965	99,596	107,323	64,533	13,539	41,160
1966	119,465	114,355	68,011	17,313	47,635
1967	129,305	115,169	60,165	18,125	53,008
1968	140,998	122,085	73,848	24,006	50,233
1969	148,839	129,549	74,700	28,761	83,594
1970	176,851	137,397	76,600	33,288	98,082
1971	222,000	145,000	83,000	44,500	102,220
1972*	285,400	180,500	72,100	50,600	54,900
1973*	364,700	166,000	99,000	62,600	61,600
1974*	407,800	142,500	94,900	67,900	63,200
1975**	352,000	105,000	110,000	67,000	68,600
1976**	429,000	108,000	104,000	77,000	74,200

Same source.
* Central Bank report, 1974-5, p 205. ** TEHRAN ECONOMIST,22 Jan. 1977.

Table Four: Crude Oil Production in Africa from the Start of 1956 Through 1974 (Thousands of Tons)

Year	Libya	Algeria	Nigeria	Other Countries
1956	--	140	--	--
1957	--	108	173	--
1958	--	429	300	679
1959	--	1,303	570	897
1960	--	8,548	866	1,010
1961	700	15,638	2,292	1,061
1962	8,420	20,492	3,371	936
1963	22,039	23,640	3,799	1,948
1964	41,572	26,227	5,933	2,167
1965	58,803	26,025	13,426	2,093
1966	72,460	33,257	20,599	3,483
1967	83,815	38,388	15,590	6,339
1968	124,524	42,145	7,020	8,698
1969	149,084	43,824	26,627	11,277
1970	159,201	47,253	53,420	14,723
1971	132,000	36,500	74,000	16,425
1972	108,200	50,100	88,900	35,200
1973	104,900	51,200	100,100	34,300
1974	73,500	48,500	113,500	37,000

Source: Same as that cited after the crude oil production table.

Table Five: Oil Production in 1971-73

Production in the Major Producing Countries of the World (Millions of Tons)

Country	1971	1972	1973	Percentage Growth 1973 over 1972	Percentage Annual Growth, 1962-73
Middle East:					
Iran	227.0	251.9	293.1	16.4	14.9
Iraq	83.5	72.1	97.1	34.7	5.5
Saudi Arabia	223.4	285.4	364.7	27.8	16.3
Kuwait	147.1	151.2	138.4	-8.5	3.6
Abu Dhabi	44.9	50.6	62.6	23.7	21.2
Other	79.4	84.2	89.3	6.1	12.0
Total	805.3	895.4	1,045.2	16.7	11.9
Africa:					
Algeria	36.5	50.7	51.0	1.8	53.5*
Libya	133.1	108.2	105.1	-2.9	53.5*
Nigeria	74.7	88.9	100.1	12.6	38.7
Other	36.7	35.2	35.3	0.3	16.6
Total	281.0	282.4[sic]	291.5	3.2[sic]	8.2
Asia (southwest):					
Indonesia	44.1	53.4	64.2	20.2	11.1
Other	11.0	12.3	16.3	32.5	14.9
Total	55.1	65.7	80.5	22.5	11.7
America:					
USA	530.0	532.2	517.9	-2.7	2.3
Canada	76.6	88.8	101.8	14.6	10.3
Venezuela	187.7	171.5	178.8	4.3	0.5
Other	78.4	83.6	93.0	11.2	5.9
Total	872.7	876.1	891.5	1.8	2.8
Western European Countries	21.8	22.2	22.6	1.8	1.7
Socialist Countries:					
Russia	372.0	394.0	421.0	6.9	7.4
Others	68.5	75.5	85.1	12.7	12.6
Total	440.0	469.5	506.1	7.8	8.1
Grand Total, world	2,475.9	2,611.3	2,837.4	8.7	7.7

*Annual Growth for the years 1968-1973.

Source: Annual report and balance of the Central Bank of Iran for 1973-4, page 16.

Table Six: Production Capacity of Non-Industrial Oil Countries in the Decade 1970-80 (Production in million barrels per day)

Country	1973	Reserves to Production Ratio	1980
Group One:			
Saudi Arabia	7.8	49	13.2
Abu Dhabi	1.3	45	
Group Two:			
Libya	2.1	33	2.2
Kuwait	2.9	64	3.3
Qatar	0.5	36	
Group Three:			
Algeria	1.0	21	1.1
Iran	6.0	27	8.0
Iraq	1.9	45	4.0
Indonesia	1.3	22	2.0
Nigeria	2.0	27	2.8
Venezuela	3.4	11	3.4

Source: "Perspectives Energetiques Jusqu'en 1985," Volume Two, Organization of Cooperation and Development (Economic), Paris, 1974, p 122.

Table Six (A): Production Capacity of Western Industrial Countries (millionbarrels a day)

	1985	2000
North America	14	9.3
Western Europe	4.5	2.9
Japan	0.03	0.4
Other non-OPEC-member non-Communist Countries	6.2	12.0
Total, non-Communist non-OPEC countries	24.7	14.7

Source: "Energy Global Prospects 1985-2000," Report of the Workshop on Alternative Strategies, p 133.

Table Seven: Forecast Daily Maximum Production of OPEC Oil States, 1985-2025, in Case 10 Billion Barrels of New Reserves Are Discovered Annually in Addition to Existing Reserves

Year	At a Maximum of 33 Million Barrels per Day	At a Maximum of 45 Million Barrels per Day	Unrestricted Production
1985	33	39	39
1990	33	45	47
1995	33	45	57
2000	32	45	56
2005	33	45	45
2010	33	42	47
2015	33	33	28
2020	33	28	23
2025	33	22	19

Source: "Energy Global Prospects 1985-2000," pp 138-139

Table Eight: World Oil Demand in the Coming Decade (Millions of barrels per day) (1 ton = 7 barrels)

Group of Countries	1980	1985
Industrial countries*	42.2	48.7
Underdeveloped non-oil exporting countries	9.0	12.1
Oil-exporting OPEC states	1.9	3.1

Estimates have not been made for the Communist countries in this forecast.

Source. World Bank forecasts assuming $9 per barrel, quoted by "Perspectives Energetiques Jusqu'en 1985," p 123.

Annual world consumption has also been forecast on the basis of two consumption growth rates to 2025, as in the following table:

World Oil Consumption (Billions of tons)

	1970	1980	1990	2000	2010	2025
First assumption	2.3	4.4	7.9	12.7	18.7	25
Second assumption	2.3	4.4	7.5	10.9	13.7	15.9

Source: "Plan et Prospectives," Commissariat General du Plan, l'Energie, Armand Colin, Paris, 1972, p 58.

Table Nine: Oil Refining in the World. Capacity of World Oil Refineries at the Disposal of the Eight Major Oil Companies (Millions of Tons)

	Exxon	Royal Dutch-Shell	Mobil Oil	Texaco	Gulf Oil	SoCal	British Petroleum	Standard Oil/of Indiana/
America	51.4	49	40.7	50.6	38.2			
Canada	19.7	13	--	7.3	14.8			
Latin America	50.2	38	5.9	24.0	8.4			
Europe	100.7	111	33.6	32	17.8			
Other areas	35.1	--	29.4	33.7	--			
Total[sic]	257.3	257	111.7	147.6	97.2	102.3	120	51.7

Source: FORTUNE magazine, May 1973.

Table 10: Petrochemicals: Oil Consumed in Petrochemical Production (Millions of tons per year)

	1970	1975	1980	1985
Western Europe				
Gas	5.7	12.2	16.8	24.9
Oil	34.0	47 5	68.3	106.1
America and Canada				
Gas	28.8	38.8	52.2	70.1
Oil	16.5	24.7	34.6	47.0
Japan				
Gas	--	0.6	1.3	2.7
Oil	15.1	25.3	35.5	50.1
Eastern Europe				
Gas	11.2	16.2	25.85	36.0
Oil	4.4	9.0	15.6	25.6
Other countries				
Gas	5.66	12.95	13.2	39.0
Oil	3.65	4.9	10.45	26.9
World Total[sic]				
Gas	51.9	8.85	119.3	172.7
Oil	73.2	111.4	164.4	355.7

Source: "Plan et Prospectives," pp. 124-126.

Table 11: Oil Production Used and To Be Used as Raw Material in Petrochemical Production (Percent)

Country	1970	1975	1980	1985
Western Europe				
Gas	8.9	10.0	10.0	9.11
Oil	5.8	5.9	6.2	7.0-7.6
America and Canada				
Gas	5.4	6.1	7.0	8.4-8.7
Oil	2.0	2.5	3.0	3.2-3.5
Japan				
Gas	--	7.0	8.2	10.11
Oil	8.0	7.25	7.1	6.2-7.1
Communist countries				
Gas	5.6	5.6	6.6	6.9-7.3
Oil	1.3	1.9	2.2	2.3-2.6
Rest of world				
Gas	11.0	25.0	18.0	15.2
Oil	1.2	1.0	1.4	2.1-2.2
World Total				
Gas	6.0	7.3	8.2	8.5-8.8
Oil	3.3	3.6	3.9	4.2-4.5

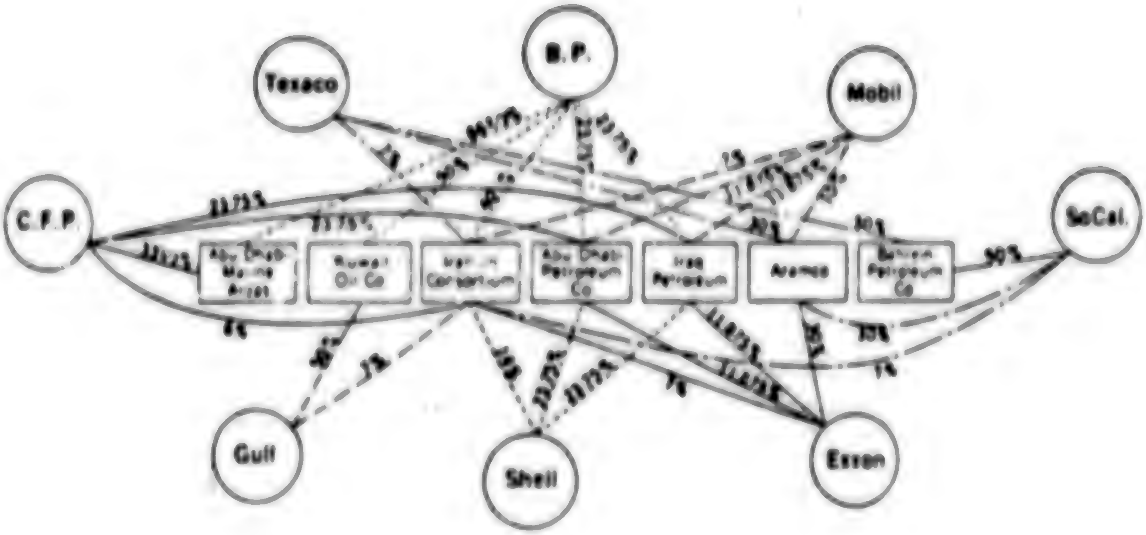
Table 12: Major Oil Company Control over Middle East Oil (1972) in Major Oil States (Shares in percent)

Controlling Company	Iran Consortium	Abu Dhabi Petroleum Company	/Abu Dhabi/ Off-shore	Saudi Arabia Aramco	Iraq--Iraq Petroleum Company	Kuwait--Kuwait Oil Company
Exxon	7	11.875	--	30	11.875	--
Shell	14	23.75	--	--	23.75	--
BP	40	23.75	66.66	--	23.75	50
Texaco	7	--	--	30	--	--
Gulf Oil	7	--	--	--	--	50
SoCal	7	--	--	30	--	--
Mobil Oil	7	11.875	--	10	11.875	--
CFP	6	23.75	33.33	--	23.75	--
Total [sic]	95	9.5	100	100	95	100

/Source/ "Le Nouvel Enjeu Petrolier," pp 34-35.

* In 1972, it nationalized its oil.

Table 12 (A): Schematic Diagram of Relationships Between Major International Oil Companies and Middle East Oil Producing Companies



Source: J. Stork, "Middle East Oil and the Energy Crisis"

Table 13: Capital Investment in the World Oil Industry in the Past and Future (Millions of Dollars)

Table of Oil Industry Production Expenditures, 1962-72.

Country	Expenditures	Percent of Total
America	7,260	53.2
Canada	1,605	11.76
Venezuela	175	1.28
Western Europe	1,025	7.52
Far East	1,130	8.28
Middle East	470	3.44
Africa	1,215	8.91
Non-Communist countries	765	5.61
Total	13,645	100

The figures in the table bear witness to how low production expenditures in the Middle East have been.

Table 13, continued

Table of Oil Industry Production Expenditures, 1970-1985.

Country	Expenditures	Percent of Total
America	20,000	57.14
Canada	3,000	8.58
Venezuela	500	1.41
Western Europe	3,000	8.58
Far East	1,500	4.27
Middle East	2,000	5.72
Africa	2,000	5.72
Other countries	3,000	8.58
Non-Communist /Total/	35,000	100

Table 14: Oil Revenues of Middle Eastern Countries (Except Iran) in Millions of Dollars, 1955-1973

Year	Saudi Arabia	Kuwait	Iraq	Other countries in Region
1955	300	310	193	47
1956	310	338	137	57
1957	310	425	224	72
1958	315	405	243	69
1959	355	465	266	70
1960	395	464	266	70
1961	446	529	267	75
1962	481	555	308	83
1963	552	624	353	95
1964	639	636	368	120
1965	805	680	394	208
1966	843	710	362	227
1967	903.6	717.6	361.2	230.4
1968	92[illegible].4	765.6	476.2	345.8
1969	949.2	812.2	483.5	424.5
1970	1,214.0	895.1	521.2	705.3
1971	1,884.9	1,399.8	840	821.1
1972	2,774.6	1,656.8	575	1,028.2
1973	4,360.0	3,346.2	1,900	2,116.0
1974	7,800	8,800	6,700	8,500

Sources: For 1955-1966, "L'Economie des Hydrocarbures," p 87;

for 1966 to end-1974, "Le Petrole a l'Heure Arabe," p 314.

Table 15: Analysis of Oil Prices: How Oil Prices Were Distributed among Various Elements Before and After the Price Increases

Various estimates have been presented in this area. We have cited a few in the text of the book, and will now cite others in the four subordinate tables and in the following tables.

Table 15 (A): Distribution of the Value Added Among Industrial Countries and Oil Producing Countries

Country	Percent of Value Added
Share of the oil country Iran	7
Share of the industrial country	93

Source: Calculation by Dr Mahmud Montazar-Zohur, "How Growth Is Directed Abroad," JOURNAL OF THE IRANIAN CHAMBER OF INDUSTRY AND MINES, Issue 8, December 1969, pp 66-78.

Table 15 (B): Share Each Factor Derives From the Price of the Oil Consumed (Oil from Africa and the Middle East before Price Increase)

Price Element	Cost per Barrel, Dollars	Percent of Total Price
Crude oil production cost	0.25	2.3
Oil-exporting state revenue	0.74	6.7
Net oil company profits	0.76	6.9
Transportation costs	0.60	5.5
Refining costs	0.50	4.5
Storage, distribution and intermediary costs	2.40	21.8
Direct and indirect taxes taken by governments of industrial consuming countries	5.75	52.3
Total	11.00	100

Source: Ahmad Akkache, "Capitaux Etrangers et Liberation Economique," p 13.

Table 15 (C): Analysis of Persian Gulf Crude Oil Prices, per Barrel, in French Francs

	1960	1969	1971	1975 (est)
Transportation	5.2	3.8	4.0	4.6
Taxes	5.5	6.5	11.5	14.2
Production	2.5	1.0	1.5	1.5
Total Expenditures	13.2	11.3	17.0	20.3

Source: Louis-Jean Duclos, "L'Episode de Tehran," REVUE FRANCAISE DE SCIENCE POLITIQUE, Volume 23, Number 6, December 1972, pp 1237, 1255, 1247.

Table 15 (D): Most Recent Estimate of the Breakdown of OPEC Oil Prices

Element	Percent
Taxes and duties levied by importing country government	45
Distribution costs	22.5
Oil producing country government share	12.5
Transportation	9
Refining	4.5
Oil company net profit	4
Crude oil production cost	2.5

Thus the estimate by Mr Sarkis and the Algerians is not correct; the price increases did not result in a proportionate change benefiting the oil-producing states.

Source: Charles Levinson, "L'Inflation Mondiale et les Firmes Multinationales," p 618, Seuil, Paris, fourth quarter 1976.

Table 16: Breakdown of Gasoline Price in France, 1970, by Component Elements

Element	Each Element's Share of Price in France (per ton)	Each Element's Share of Total Percentage
Oil company profit	89	19
Taxes collected by French government	265	56.4
Oil country Receipts	38	8.1
Distribution	35	7.4
Refining	25	5.3
Transportation	10	2.1
Production	8	1.7

Source: Report by Jean-Marie Chevalier to Congress of French-Speaking Economists, Cherbourg, May 1974.

Table 16 (Continued): Breakdown of Gasoline Prices by Component Elements: Further Estimate on France (1972, following 1971 Price Increases)

Element	Per Barrel of Oil, in France	Percent of Total
Production	0.23	1.6
Taxes and duties levied by French government	7.45	52.5
Oil country revenues	2.42	17
Transportation	0.84	5.9
Refining	0.53	3.7
Distribution	2.20	15.4
Companies' net income	0.58	4.1
Total	14.25	100[sic]

Source: ECONOMIE ET POLITIQUE, January 1974, p 26.

Table 16 (Continued): Breakdown of Gasoline Price by Component Elements: One Further Estimate Concerning France, 1974

Component Elements	Breakdown of Price by Elements (per ton)	Percent of Total
Company profits	145	17.7
Taxes collected by France	315	38.4
Receipts by oil countries	263	32.2
Distribution	35	4.2
Refining	25	3.0
Transportation	31	3.8
Production	6	0.6

Again, the reader's attention is drawn to the fact that the share received by the oil countries is not of the same category as that which reverts to the industrial countries. The share paid to the oil countries is buying power and the ability to consume, while the industrial countries' share is capital and the power to produce.

Section Two: Production and Export of Oil and Oil Products in Iran

Table 17: Crude Oil Production in Iran, 1912-1976

Year	Production Volume, Thousands of Tons	Year	Production Volume, Thousands of Tons
1912	43	1944	13,274
1913	81	1945	16,839
1914	274	1946	19,190
1915	376	1947	20,195
1916	449	1948	24,871
1917	644	1949	26,807
1918	897	1950	31,750
1919	1,106	1951	16,761
1920	1,385	1952	1,040
1921	1,743	1953	1,322
1922	2,327	1954	3,000
1923	2,959	1955	16,205
1924	3,714	1956	26,530
1925	4,334	1957	35,500
1926	4,556	1958	40,590
1927	4,832	1959	45,630
1928	5,358	1960	52,050
1929	5,461	1961	58,700
1930	5,929	1962	65,405
1931	5,750	1963	72,684
1932	6,446	1964	84,249
1933	--	1965	92,375
1934	7,537	1966	105,885
1935	7,488	1967	129,298
1936	8,198	1968	141,791
1937	10,168	1969	168,235
1938	10,195	1970	199,600
1939	9,583	1971	227,000
1940	8,627	1972	251,900
1941	6,605	1973	293,100
1942	9,399	1974	301,840
1943	9,706	1975	268,000
		1976	294,000

Source: Mostafa Fateh, "Fifty Years of Iranian Oil," Tehran, 1956, pp 319-20, 416. Also, Central Bank Annual Report for 1973-4, "Le Petrole a l'Heure Arabe," p 301, and **PETROLEUM PRESS SERVICE**, quoted by **TEHRAN ECONOMIST**, 22 January 1976.

Table 18: Oil Production and Consumption in the Future: Forecasted Production, Direct Exports and Domestic Consumption of Iranian Oil in the Years 1973-1992 (Millions of barrels)

Year	Total Production	Sales to Consortium	Direct Exports by Nat'l Iranian Oil Co	Domestic Consumption	Percent of Total Production Sold to Present Partners (Former Consortium))
1973	1,940	1,763	73	104	90.89
1974	2,072	1,852	109	111	89.36
1975	2,306	2,014	164	128	87.31
1976	2,537*	2,175	220*	142	85.74
1977	2,774	2,344	274	156	84.50
1978	2,774	2,277	328	169	82.07
1979	2,774	2,188	401	185	77.87
1980	2,784*	2,107	476*	201	75.66
1981	2,774	2,007	547	220	72.34
1982	2,774	1,988	547	239	72.01
1983	2,774	1,968	547	259	70.92
1984	2,784*	1,953	549*	282	70.12
1985	2,340	1,482	547	311	63.33
1986	1,971	1,085	547	339	55.01
1987	1,657	741	547	369	44.70
1988	1,394*	498	497*	399	35.69
1989	1,163	368	368	427	31.63
1990	970	256	257	457	26.48
1991	807	161	161	485	19.95
1992	669*	76	77*	516	11.45
1993	549	2	3	544	4.98
Total	42,583	29,300	7,243	6,040	---

Source: Information and Public Relations Bureau, Ministry of Interior, "Study and Analysis of the Revolutionary Oil Sales and Purchase Agreement, before the Ministry of Interior Auditorium," speeches given by Dr Reza Fallah at 15 July 1973 session, pp 28-30.

Table 19: Countries to Which Crude Oil and Oil Products Are Exported, and Proportions Exported to Each (Percent)

	Crude Oil Exports						Oil Products Exports					
	1965	1966	1967	1968	1969	1970	1965	1966	1967	1968	1969	1970
Western Europe	50.2	42.2	41.0	30.4	25.2	24.9	8.6	11.9	8.9	7.8	9.4	4.8
Japan	22.1	31.1	37.4	42.1	46.9	49.7	17.1	14.7	13.9	12.8	15.9	23.1
Asia (Except Japan)	8.2	9.3	9.2	14.2	13.4	11.9	40.0	28.5	40.6	38.2	38.3	26.9
Africa	8.6	6.8	6.6	7.9	10.9	9.9	23.8	23.9	27.7	26.5	24.3	24.0
North America	8.7	7.5	3.6	3.8	3.0	2.3	0	0	0	1.0	0.9	1.9
South America	0.4	0.6	0.5	0	0	0.1	0	0	0	2.0	0.9	1.0
Australia	1.8	2.5	1.7	1.6	0.6	0.6	5.7	4.6	3.0	2.9	4.7	5.8
Other Areas	0	0	0	0	0	0.6	4.8	5.5	5.9	8.8	6.6	12.5
/Total/	100	100	100	100	100	100	100	100	100	100	100	100

Source: Central Bank of Iran, Annual Report and Balance, 1970-71, p 170.

Table 20: Gas Consumption in Iran and Gas Exports to the Soviet Union, 1970-78 (Billions of cubic meters)

Oil and Gas--Gas Consumed Domestically and Exports, 1970-78

Year	Exports to Soviet Union, Billions of cubic feet	Domestic Consumption, Billions of cubic feet
1970	6	2
1971	7	2.7
1972	8	3.5
1973	9	4.1
1974	10	4.5
1975	10	5
1976	10	5.4
1977	10	5.9
1978	10	6.4

*JOURNAL OF THE IRANIAN CHAMBER OF COMMERCE, INDUSTRY AND MINING, Fifth Year, Number 5 (Serial 51), September 1974

According to TEHRAN ECONOMIST, 21 June 1975, Iran's gas reserves have been estimated at 250-600 trillion cubic feet.

Table 21: Oil Refining in Iran, 1952-1974 (Thousands of tons)

Year	Exports	Domestic Consumption	Total	Percent of Total Production
1950	--	0.885	25	79.5
1952	--	0.913	--	--
1953	--	--	--	--
1954	--	--	--	--
1955	6.5	1.0	7.5	46.5
1956	13.1	1.6	14.7	55.5
1957	--	2.0	15.1	42.5
1958	--	2.8	14.8	36.5
1959	--	3.4	15.7	34.6
1960	14.6	3.1	17.7	--
1961	11.9	3.6	15.5	26.5
1962	14.7	3.3	18	27.6
1963	15	3.35	18.2	25.2
1964	16.77	4.83	21.6	25.6
1965	16.1	5.8	22.7	24.6
1966	--	5.752	22.706	21.6
1967	--	6 627	23.094	17.8
1968	--	7.[illegible]1	25.614	18.1
1969	--	8.3[illegible]1	26.175	15.5
1970	--	9.179	27.457	13.75
1971	--	9.6	29.8	13.1
1972	--	10.7	29.1	11.55
1973	--	11.7	29.8	10.15

Source: "Economic Development in Iran," pp 161-165, for the years 1950, 1951, 1952. For the years 1957-61, DONYA, Second Period.

Third Year, Number Two, Summer 1972, p 100. For the years 1961-1964 (domestic consumption), Central Bank Annual Report, 1975-76, p 202, and Central Bank Annual Report, 1973-74, p 44.

Domestic consumption, 1957, National Bank Balance, 1957-8, p 9.

Table 22: Capacity of Iran's Refineries in 1972 (Barrels per day; 1 Ton = 7 barrels)

Refinery	Capacity
Abadan	100,000
Tehran	85,000
Kermanshah	15,000
Shiraz	40,000
Total	240,000

Source: "Iranian Oil," a collection of speeches regarding Iran's oil industry, July 1969, p 51.

Refineries under construction:

Construction has begun on the Tabriz Refinery, with a capacity of 80,000 barrels per day, according to a report by KEYHAN (Airmail), 28 June 1975. According to an article by this weekly, the capacity of the country's refineries is to rise from 33 million tons at present to 50 million in the future.

Table 23: Petrochemical Industry Established in Iran

1. The Shiraz Fertilizer Factory, a mixed company with a capacity of 40,000 tons of urea (46 percent), 40,000 tons of ammonium nitrate (26 percent), and 1,000 tons of ammonia per year. The factory went into production in 1962. (See IRANSHAHR, 1964, published by UNESCO, pp 1762-63.) This project has not been economical, and has incurred and is incurring a loss. (See article by Eng Ebrahimzadeh, "Economics and the Petrochemical Industry in Iran" in BULLETIN OF THE INSTITUTE OF ECONOMIC RESEARCH, Issues 11 and 12, October 1965, pp 32-34.) KEYHAN (Airmail), 16 July 1975, reports that the installation of two other petrochemical product manufacturing plants with a capacity of 80,000 tons has also been completed.

2. The Shahpur Petrochemical Complex, a mixed company between the Shahpur Chemical Company, Iranian and governmental, and the American Allied Chemical Company (with a 50-50 shareholding), has a capacity of 1,340 tons of sulphuric acid per day, 1,000 tons of ammonia, 500 tons of urea, 450 tons of phosphoric acid, and 380 tons of phosphate fertilizer per day. (See "Research on the Iranian Oil Industry," pp 294-331.)

3. The Kharg Chemical Complex, mixed, with a capital of $40 million, on a fifty-fifty basis with the Kharg Chemical Company (Iranian and governmental) and the American Amoco Company, operation commencing in 1970, with a capacity of 600 tons of sulphur per year and 600 barrels of liquid gas per day [sic]. /footnote missing/.

4. The Abadan Petrochemical Complex, mixed company with a capital of $33 million, 74 percent owned by the National Oil Company and 26 percent by the American B. F. Goodrich Company, has a capacity of 24,000 tons of caustic soda, 12,000 tons of ethylene, 15,000 tons of propylene, 20,000 tons of polychlorobutyl, and 10,000 tons of DDB /dodecylbenzine/per year.

Table 24: Oil Companies Active in Iran

1. DOPCO, Dashtestan Offshore Petroleum Company; operating company, Shell (Dutch-British).

2, 3, 4. ELF-ERAP is the operating company of these three companies, ELF, ERAP, Farsi Petroleum Company, vis-a-vis Societe Francise des Petroles d'Iran.

5. IMIN /OCO/, Iranian Marine International Oil Company, whose operating company is the Italian firm AGIP.

6. IOEPC, Iranian Oil Exploration and Producing Company.

7. IPAC, Iran Pan-American Oil Company.

8. IROPCO, Iranian Offshore Petroleum Company.

9. LAPCO, Lavan Petroleum Company.

10. SIR /I/ P, Societe Irano-Italienne des Petroles.

On the surface, National Iranian Oil Company is a 50 percent partner in these companies.

Table 25: Capital Investment in Oil Industry on Iranian Territory, 1901-78
First Period, 1901-1951

Year	Amount in British Pounds
1901-1904	400,000
1905-1933	21,500,000
1934-1939	--
1940	651,000
1941	365,000
1942	376,000
1943	2,611,000
1944	3,580,000
1945	4,475,000
1946	10,300,000
1947	12,430,000
1948	16,620,000
1949	20,610,000
1950	23,300,000
1951	900,000

Source: JOURNAL OF THE CENTRAL BANK OF IRAN, First Year, Number 25 (August 1962), p 1.

Concerning the first 5 years of the agreement, 1901-1905:

Zabihollah Qadimi, "History of the Iranian Revolution," p 40.

Dr Hoseyn Fakher, "The Progress of the Investigation into the Abrogation of the D'Arcy Oil Concession in the Former League of Nations," Tehran, p 21, oil company petition.

Dr Shamsoddin Jazayeri, "Fiscal Laws and General Accounting," Volume One, Tehran, 1963, pp 497-98.

Table 25, Continued: Second Period, 1954-1972 (Millions of Dollars)

Year	Consortium	Other Oil Companies
1954-55	8.1	
1956	15.6	
1957	36	
1958	68.3	
1959	64.9	
1960	44.7	
1961	36.5	
1962	33.6	26.3
1963	53.7	23
1964	42.4	23.5
1965	102.5	52.3
1966	66	
1967	58.6	79.6
1968	67.4	22.2
1969	97.7	44.6
1970	58.3	31.8
1971	93	26.1
1972	90.3	46.7

Source: To 1965, Iranian Oil Operating Companies. From 1965 to 1972, Central Bank Annual Report, 1970-71, p 71, and 1971-72, p 225; concerning the other companies, from 1962 to 1966, BULLETIN OF CAPITAL INVESTMENT IN IRAN, 29 December 1968, and since that time Central Bank Annual Report, same pages.

Table 26: Capital Investment in the Oil Industry during the Fifth Plan Period; Capital Investment in the Petrochemical Industry during the Fifth Development Plan (Millions of rials)

Project Name	National Petrochemical Industries Company Share	Percent of Project Total	Private Sector (Foreign and Domestic) Share	Percent of Project Total	Grand Total
1. Expansion of PVC Unit, Abadan Complex	480	74	172	26	652
2. Expansion of Shahpur Chemical Complex Units	6,563	100	--	--	6,563
3. Olefins/Aromatics	17,025	50	17,025	50	34,050
4. Plasticizer	1,500	50	1,500	50	3,000
5. Caprolactam and Ammonium Sulfate Fertilizer	472	20	1,898	80	2,370
6. Dimethyl Triphthalite and Polyester	1,200	30	2,805	70	4,005
7. Styrene Monomer	112	20	458	80	560[sic]
8. Polystyrene	135	20	555	80	690
9. Butadiene-Styrene Rubber	352	20	1,410	80	1,762
10. Petroprotein	517	50	517	50	1,034
11. Polypropylene	383	20	1,530	80	1,913
12. Isoprene and polyisoprene	1,823	50	1,823	50	3,646
13. Aminoresins	38	10	337	90	375
Total	30,600	50	30,030	50	60,630[sic]

Source: TEHRAN ECONOMIST, 30 January 1973. As the figures in the table show, the cost of producing oil is very minor compared with the tremendous revenues derived from it, but this table shows that production and other costs have still been imposed on Iran.

Table 27: Manpower in the Service of Oil

Total, Non-industrial, Iranian Oil Refining Company, Iranian Oil Exploration and Production Company, Central Office of the Operating Companies in Tehran

Year	Iran White Collar Workers	Foreign White Collar Workers:		Laborers	Total
		Official	Contractor		
1955	5,682	339	49	42,337	48,407
1956	5,721	505	125	41,752	48,103
1957	6,050	589	123	41,109	47,877
1958	6,109	663	256	39,560	46,588
1959	5,993	789	629	37,902	45,313
1960	5,890	863	310	36,574	43,673
1961	6,621	793	338	31,576	39,328
1962	6,970	640	365	25,777	33,752
1963	6,668	494	303	24,206	31,671
1964	6,623	394	279	23,693	30,992 [sic]
1965	6,660	372	416	22,632	30,080
1966	6,471	353	520	21,476	28,820
1967	6,236	328	281	19,000	25,845
1970*	3,519	?	?	8,965	
1975**	15,213	--	--	37,203	

Source: Dr Mahmud Qasemzadeh, "Iran's Oil Economy," Tehran, 1968, University Press, pp 255-328.

Explanation: In this fashion, in the course of 15 years the Consortium expelled two-thirds of the laborers in the oil industry from service in this industry and increased the number of domestic and foreign white collar workers in compensation.

*White collar workers and laborers who are in the service of the Consortium. Domestic and foreign white collar workers have not been separated.

**White collar workers and laborers who are active throughout the country in the oil industry and related companies, especially in services, that is, oil distribution. It is noteworthy that the former oil company had a total of 5,000 white collar workers to produce and distribute oil in Iran and today the National Oil Company has 12,000 white collar workers for oil products distribution and other services! The figures bearing on 1975 have been obtained from the oil company itself.

Table 28: Iran's Revenues from Oil, First Period, 1912-1952 (in British pounds)

Year	Revenues in Pounds	Dollars
1912-1919	1,325,552 /*sic*/	59,252,174
1920-1939	33,593,250	167,294,400
1940	4,043,000	15,646,410
1941	4,037,000	16,228,740
1942	4,060,000	16,240,000
1943	4,054,000	16,216,000
1944	4,523,000	18,096,000
1945	5,678,000	22,712,000
1946	7,185,000	28,740,000
1947*	7,101,251	29,600,000
1948	13,545,000	36,900,000
1949**	16,000,000	40,000,000
1950	16,031,735	58,900,000
1951***	8,300,000	8,400,000
Total: about	105,000,000	

Source: "Fifty Years of Iranian Oil," pp 262, 273, 280, 281, 291, 307, 312, 319, 320, 414, and 416.

"Iran's Oil Revolution," Zabihollah Qadimi, pp 33, 40.

Table 28 (Continued): Iran's Revenues from Oil, Second Period, 1954-73 (in Millions of Dollars)

Year	Revenues
1954-67	4,568
1968	958.5
1969	1,099
1970	1,268.4
1971	2,114.1
1972	2,460.9
1973	3,500
1974	20,500

Source: Iranian Oil Operating Companies, Review of Operations, 1967, p 35, and Review of Operations, 1968, p 40. Also, Central Bank Annual Report, 1968-9 through 1973-4.

Explanations for Table 28: *The figures from 1947 on have been quoted from the statistics on hard currency receipts and payments published in the JOURNAL OF THE CENTRAL BANK OF IRAN, October 1961. **During this year, the British government devalued the pound relative to the dollar; that is, the pound dropped from $4.03 to $2.80. See National Bank of

Iran Report, 1948-49. In spite of these figures, oil revenues in dollars which the JOURNAL OF THE CENTRAL BANK of October 1961 gives (and which appear in the table) are different from the figures derived by multiplying revenues in pounds by the rate of the pound in dollars. ***If we consider that oil revenues in the first three months of the /Christian/ year were 8.3 million pounds, one must state that all in all about one-third of that was paid to the national government of Dr Mosaddeq.

Section Three: Tables on the Distribution of Oil Money and Tables on the Capacity of Marine Tankers

Table 29: Surplus OPEC Member State Oil Money Available for Capital Investment, 1973 (millions of dollars)

Country	Oil Exports (Government Share)	Non-Oil Exports	Imports FOB (Delivered at Port)	Surplus Available for Investment
Algeria	1,000	360	2,060	-870
Ecuador	100	310	460	-40
Indonesia	1,200	1,610	2,410	-350
Iran	4,500	590	3,600	1,090
Iraq	1,700	110	1,160	470
Kuwait	1,900	230	920	1,520
Libya	2,300	--	2,200	600
Nigeria	2,400	620	1,780	260
Qatar	400	10	180	140
Saudia Arabia	5,500	20	1,800	3,120
United Arab Emirates	1,200	40	860	290
Venezuela	3,000	375	2,820	-135
Total	25,200	4,275	20,250	4,895

Source: U. S. Treasury Department, "The Absorptive Capacity of the OPEC Countries," Washington, DC, 5 September 1975, quoted in Yoon S. Park, "Oil Money and the World Economy," Wilton House Publications, London, 1976, p. 47.

Table 30: Surplus OPEC Member State Oil Money Available for Investment in 1974 (Millions of dollars)

Country	Oil Exports	Non-Oil Exports	FOB Imports (Delivered at Port)	Surplus Available for Investment
Algeria	3,700	355	3,710	405
Ecuador	500	450	790	110
Indonesia	3,400	2,200	3,890	230
Iran	18,700	800	8,000	10,680
Iraq	5,700	150	3,460	1,970
Kuwait	8,000	390	1,480	7,355
Libya	6,200	40	3,000	2,540
Nigeria	7,600	850	2,490	5,220
Qatar	1,600	10	270	1,290
Saudi Arabia	24,600	25	3,530	20,800
United Arab Emirates	6,000	20	1,600	4,360
Venezuela	8,800	375	4,660	3,995
Total	94,900	5,665	36,880	58,935

Source: Same as source on preceding page.

Table 31: Prediction of Surplus OPEC Member State Oil Money by Morgan Guaranty Trust Company (Billions of dollars) [sic].

	1974	1975	1976	1977	1978	1979	1980
Oil revenues	105	110	119	125	128	135	143
Balance of trade	62	52	44	27	1	-29	-69
Current accounts balance	65	60	57	43	20	-10	-53
Total foreign financial capital	80	137	191	231	248	235	179

Source: Morgan Guaranty Trust Company of New York, "World Financial Markets," January 21, 1975, quoted in the book in the preceding table, p 49.

In addition to this table, the book quotes three tables on forecast surplus derived in accordance with three differing assumptions on the course of production and prices.

Table 32: Estimated Manner of Distribution of Surplus OPEC Oil Money Among Industrial Countries in 1974 (Billions of dollars)

Location	Amount
European money market	21
Bank deposits and negotiable paper in America	11
Bank deposits and negotiable paper in Britain	7
Official international organizations	4
Rest	17
Total	60

Source: Yoon S. Park, "Oil Money and the World Economy," p 90. Of the four estimates the book cites, we have cited only that by the American Treasury.

Table 33: Summarized Estimate of the Balance of Oil in 2000 in Accordance ith the Following Assumptions

Economic Growth:	Rapid	Rapid	Slow	Slow
Energy Price (1985-2000)	Increasing	Increasing	Stable	Stable
Main Substitute Fuel:	Coal	Atom	Coal	Atom
Imports required by main importers (all figures in millions of barrels per day)				
North America	10.4	10.7	15.8	15.8
Western Europe	16.5	16.4	13.2	12.5
Japan	15.2	14.4	8.2	7.9
Other non-Communist non-OPEC countries	11.2	9.5	9.6	9.0
International transportation**	5.4	5.4	4.5	4.5
Total imports required	58.7	56.4	51.3	49.7
Maximum exports by main exporters				
OPEC***	38.7	37.2	35.2	34.5
Oil deficit, and deficit	20.0	19.2	16.1	15.2
as a percentage of total maximum production of non-Communist countries	27	26	28	26

*/sic/ In addition to ordinary oil production, production of oil from tar sands and oil shale has also been calculated.

**Meaning maximum oil production less domestic consumption of member states.

***Meaning maximum oil production less domestic consumption of member states.

Source: "Energy: Global Prospects, 1985-2000," p 238. We have eliminated other explanations concerning the table. The four different columns were derived in accordance with a group of different assumptions which have been explained in the text of the book, and it has not seemed necessary to repeat them here.

Table 34: Table on Ownership of World Oil Tankers at the End of 1971, Ships of 2,000 Tons and More (by number and country, except for mixed transportation vessels with a capacity of 20.3 million tons) (capacity in millions of tons)

Country of registration	Oil Companies	Individuals	Governments	Other	Total 1970	Total 1971	Percentage Rate of Increase, 1970-71	of Total Capacity, 1971
Liberia	8.2	34.7	--	0.2	37.8	43.1	5.3	25
Norway	0.2	18.9	--	--	17.2	19.1	1.9	11
Britain	17.6	7.6	0.62	0.1	21.9	25.9	3.2	14
Japan	3.1	15.7	--	--	15.6	18.8	3.2	11
America	4	4	1.7	--	9.5	9.7	0.2	5
Panama	3.2	2.4	--	--	5.6	5.7	0.1	3
France	4.7	2.8	0.1	--	5.8	7.6	1.8	4
Greece	--	8.5	--	--	7.6	8.5	0.7	5
Other Western European Countries	10.5	13.2	0.1	--	21.4	23.8	2.4	14
Other Western Hemisphere Countries	2.7	0.2	0.3	--	3.4	3.3	-5.1	2
Russia, Eastern Eutopean Countries and China	--	--	6.2	--	6.1	6.2	0.1	4
Other Eastern Hemisphere Countries	1.0	3.2	6.1	--	3.6	4.2	0.7	2
Total [sic]	55.3	111	8.7	0.3	175.3	155.7	19.6	100
Capacity of vessels at end-1970	49.2	97.6	8.7	0.2	155.7			
Net capacity increase	6.1	13.4	--	0.1	19.6			

Source: "Le Petrole, Situation Actuelle at Perspectives d'Avenir, Un Rapport du Comite du Petrole de l'OCDE," p 144.

Table 35: Capacity of New Vessels on Order

Capacity in tons	Companies		Individuals		Total	
	Number	Capacity	Number	Capacity	Number	Capacity
25,000 and less	24	513,300	21	470,000	45	983,300
25,000-45,000	58	1,690,000	59	1,761,000	117	3,451,000
45,000-60,000	--	--	--	--	--	--
60,000-80,000	1	66,000	5	345,200	6	411,200
80,000-100,000	2	196,500	5	432,300	7	628,800
100,000-125,000	10	1,166,000	12	1,274,000	22	2,540,000
125,000-200,000	9	1,221,600	27	3,746,600	36	4,968,200
200,000-300,000	92	23,175,200	170	42,598,600	262	65,773,800
300,000 and above	22	6,999,600	8	2,848,800	30	9,848,400
Total	218	35,028,200	307	53,576,500[sic]	525	88,604,700

Source: John Jacobs Col, Ltd , "World Tanker Fleet Review."

Table 36: Table of Middle East Oil Pipe Line Capacity

Oil Pipeline	Route	Diameter of Pipe, Centimeters	Length, Kilometers	Capacity, Thousands of Barrels per Day	Date Exploitation Began
TST /Tabline/	Saudi Arabia to Sidon, Lebanon	76-79	1,720	500	1951
IPC	Iraq (Kirkuk) to (Bania/s/, Syria	--	855	--	1934

Source: John Jacobs Co., Ltd, "World Tanker Fleet Review."

ENTESHARAT-E MOSADDEQ

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[Statement on Jacket]

Struggle becomes reality when we establish its foundations on the reality of society and the world. In the confines of mental constructs, struggle, perforce, is mental. In these confines, only one way exists, and that is from unity to opposition. To pass from opposition to unity, what recourse is there except to recognize the nature of the dangers which have gripped the country from all directions? Mosaddeq asked the beloved children of the nation to watch over the destiny of their venerable home with open eyes. This home is now on the brink of destruction. The children of the nation must recognize realities and, in accordance with these realities, arrive at a firm unity and open the horizon of victory in the struggle. No misfortune could be greater than to consume today's generation, which is full of responsibility at the current moment of decision, with the worst of opiates, namely those mental constructs which are divorced from realities and exist in the world of futility, until--and only until the activities of its venerable home have been successfully manipulated.

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